Austria	Sch 20	Indonesia	Rp 2500	Philippines	Pes 20
Bahrain	Din 0.650	Israel	NS 3.50	Portugal	Esc 90
Belgium	BFr 45	Italy	L 1500	S Arabia	Rls 6.00
Canada	C$1.00	Japan	¥550	Singapore	S$ 4.10
Cyprus	C£0.70	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 8.00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£1.00	Lebanon	L£ 25.00	Sweden	Skr 7.00
Finland	Fmk 6.50	Luxembourg	LFr 45	Switzerland	SFr 2.20
France	FFr 8.00	Malaysia	Rgt 4.25	Taiwan	NT $65
Germany	DM 2.20	Mexico	Pes 300	Tunisia	Din 1.335
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 350
Hong Kong	HK$ 12	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
India	Rup 15	Norway	NKr 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Volvo/GM deal triggers shock waves, Page 10

World news

Sudanese rebels down airliner

About 60 people, including several children, were feared killed aboard a Sudanese airliner when it was shot down by rebels over the south of the country, the official Sudanese News Agency reported.

The twin-turboprop Fokker Friendship was downed by a Sam-7 missile shortly after it took off on Saturday from the southern town of Malakal for Khartoum.

Rebels of the Sudan People's Liberation Army last week accused the Government of using famine aid flights as a cover for military operations and said they would shoot down any aircraft crossing territory they control. Page 2

Aden halts plane

Djibouti suspended air and sea links with South Yemen after two South Yemeni fighters intercepted an Air Djibouti Boeing over the Red Sea, forced it to land and searched it for opponents of the Aden government, official sources in Djibouti said.

Landmine kills 5

Five black people, including two children, were killed by a landmine blast in South Africa's eastern Transvaal province, the Government said. Weekend violence, Page 2

Gulf tanker hit

Two seamen were killed and three wounded in an air attack on the Panamanian-registered chemical tanker Weelek No. 3 in the Gulf.

Coach crashes

At least five people died and 12 were badly injured when a holiday coach carrying children hit a building in the Belgian town of Stavelot.

Hamburg arson

Arsonists seriously damaged the offices of a special crime squad in Hamburg fighting refugee-smuggling organisations. Hamburg police have said 154 Tamil refugees found drifting off Canada last week were smuggled out of West Germany. Tamils' admissions, Page 2

Carlsson N-appeal

Swedish Prime Minister Ingvar Carlsson called for the abolition of nuclear power, citing the devastating effects of the Chernobyl accident on the environment and on popular Swedish foods such as reindeer meat, fish, mushrooms and berries. Human error blamed, Page 2

Solidarity welcome

Thousands of cheering Solidarity supporters gave an emotional welcome to leading opposition figures Adam Michnik and Bogdan Lis after their release from prison under a recent act of clemency by Polish authorities.

Jerusalem chain

Seven former Soviet Jewish dissidents chained themselves across a busy street in Jerusalem to protest against today's Soviet-Israeli talks in Helsinki. Finnish police mounted a huge security operation for the meeting, the first official contact between the Soviet Union and Israel for 19 years.

Himalayan deaths

Five members of a European climbing expedition died after reaching the summit of Pakistan's K-2, the world's second highest mountain. A sixth climber, Briton Alan Rouse, is also feared dead.

Victory for Prost

Alain Prost of France won the Austrian Grand Prix Formula One motor race in a McLaren. Italian Michele Alboreto was second with Ferrari team-mate Stefan Johansson of Sweden third. Britain's Nigel Mansell still leads in the world championship standings with 55 points while Prost is second with 53.

Botham is back

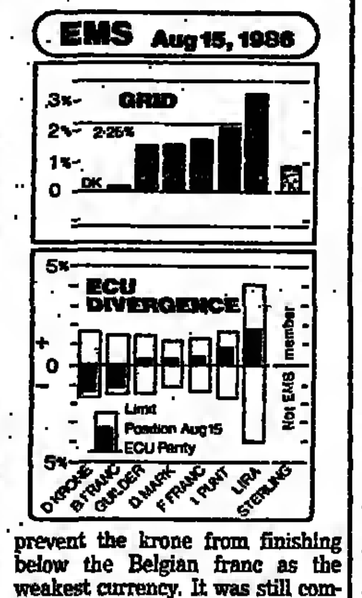
Cricket: Ian Botham has been reselected to play for England in the third test against New Zealand starting on Thursday. He had been suspended for two months after admitting he had smoked cannabis.

Business summary

North Sea drilling 'will fall sharply'

NORTH SEA oil exploration is likely to be cut by 40 per cent in the second half of this year compared with activity a year ago, according to a survey of oil companies. Page 12

EUROPEAN Monetary System: The Danish krone fell sharply in the EMS last week amid growing concern about Denmark's balance-of-payments deficit. However, it finished above its worst level, after presentation of the 1987 draft budget, which projects the first surplus since 1974. That was not enough to



prevent the krone from finishing below the Belgian franc as the weakest currency. It was still comfortably within its divergence limit, however, although a continued rise in the value of the D-Mark against the US dollar may put further pressure on the weaker members of the system.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

MALAWI devalued its kwacha by 10 per cent.

JAPAN edged ahead of the US in international business competitiveness, with Switzerland third, according to a survey by the European Management Forum in Switzerland. The UK was placed 15th, France 16th and Italy 17th. Page 12

THIRD WORLD finance and foreign ministers and representatives from more than 120 countries open a six-day conference in Cairo today to design a strategy for economic and trade co-operation.

SOUTH KOREA has banned further bank borrowing and the issuing of foreign-currency-denominated bonds and notes until the end of September because of a rapidly improving balance of international payments, banking sources said. Page 3

US EXIMBANK is to provide credits of $400m to build a coal-fired power plant near Istanbul. Page 3

PLAYBOY ENTERPRISES, Mr Hugh Hefner's magazine company, which has been shedding its casino and club interests, went into deficit for the year to June, reporting net losses of $62.2m against 1984-85 earnings of $6.7m, which were already down to a quarter of the previous year's level. Page 15

L'ORÉAL, French hairdressing products and cosmetics group, is expected soon to announce a 1-for-10 rights issue raising about $200m equivalent. The issue will distribute L'Oréal's shares outside France for the first time. Page 15

RELIANCE CAPITAL, US insurance and investment company owned by Saul P. Steinberg, won a four-month battle to acquire John Blair, the media group, after a federal appeals court ruled in its favour. Page 23

EUROPEAN HOME PRODUCTS, formed last year to take over the marketing of Singer sewing machines in Europe from Singer of the US, is to be floated on the London stock market in three weeks. Page 12

Sweeping reform of US tax system clears key hurdle

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US tax system has come a big step closer to its most sweeping reform for half a century, after agreement by congressional negotiators on a plan that would radically change the tax treatment of individuals and corporations.

The plan, finalised by a conference committee of the Senate and House of Representatives after marathon negotiations, would reduce the top individual tax rate by nearly half, to 28 per cent, with only one other rate of 15 per cent. It would cut the corporate rate from 46 to 34 per cent, but raise an additional $120bn from business over six years, offsetting the shortfall from individual taxpayers.

That would be achieved partly by setting a new minimum tax rate of 21 per cent, which would apply to both companies and individuals, and partly by eliminating or reducing many corporate tax deductions.

The changes, which would apply from January 1, are intended to be "revenue neutral," raising the same overall total as the current system.

The tax plan, often declared dead by political analysts over the past year, now goes back to both houses for approval after Congress returns from the three-week August recess, which began at the weekend. Final passage is less than certain, given that the compromise deviates from the original bills passed separately by the two houses, but political momentum is now clearly back behind the reform drive.

Mr James Baker, the Treasury Secretary, said President Ronald Reagan would sign the measure, if Congress approved it, and called it "a rather remarkable achievement." In three weeks of negotiating brinkmanship between the two houses, the plan had often seemed on the verge of failure.

The compromise finally agreed would limit individual tax deductions more than the legislation passed by the Democrat-controlled House of Representatives and raise business taxes by more than proposed by the Republican-led Senate.

About 6m low-income Americans would no longer have to pay federal tax, and taxpayers overall would get a 6.1 per cent average reduction, although many would have to pay more as a result of lost deductions. The plan's backers hope that reduced deductions for credit payments will encourage Americans to invest more in productive enterprises.

Among the plan's main provisions are:

● The two rates of 28 per cent and 15 per cent for individuals would replace the current 15 rates, although other provisions in the bill would impose an effective top marginal rate of 33 per cent on those with high incomes.

● The corporate rate would be cut from 46 per cent to 34 per cent, but there would be a minimum tax of 21 per cent on both corporations and individuals trying to reduce higher rates by itemising deductions. The current system has been widely criticised for allowing the rich and many companies to get away with paying little or no tax.

● Interest on credit-card debt, car loans, and other non-mortgage interest payments could no longer be deducted after a phasing-in period.

● Many tax shelters would be eliminated, especially in property, but some exceptions would be allowed for the oil and gas sector.

● Business tax incentives for investment would be reduced, and special tax breaks would be limited for many industries, including oil, gas, banking, timber and defence.

● Capital gains would be taxed at the same rate as wages and salaries, instead of the special low rates that currently apply.

● Deductions to compensate for payment of state and local taxes would be limited.

● Next year, there would be a transitional set of rates for individuals, at 11 per cent, 15 per cent, 28 per cent, 35 per cent, and 38.5 per cent. The reductions in rates would

Continued on Page 12

Congress fails to renew deficit law, Page 2

Pretoria condemns vote by Senate

By Jim Jones in Johannesburg and Reginald Dale in Washington

MR PIK BOTHA, the South African Foreign Minister, said yesterday that the US Senate's approval of broad sanctions against Pretoria would encourage radicals trying to create a society "in which no American would live voluntarily."

Mr Botha, giving the first reaction to the vote in Washington on Friday night, said that the Senate action constituted interference in South Africa's internal affairs and was not in the best interests of the US.

The vote received a muted response from other South African officials and businessmen who had largely accepted the inevitability of US economic action.

It puts severe pressure on President Ronald Reagan to toughen his policy towards South Africa.

The Senate voted by 84 to 14 in favour of sanctions – well over the two-thirds majority of 67 votes needed to override a possible presidential veto.

The Senate bill will now have to be reconciled with even tougher measures already approved by the Democrat-controlled House of Representatives, which would sever most US trade and investment links with South Africa, before being sent to Mr Reagan for his signature or veto after Congress reconvenes in September.

In a statement after the vote, the White House reiterated Mr Reagan's opposition to the bill but stopped short of an outright veto threat. Mr Reagan is oot expected to make a final decision until he sees what emerges from the conference negotiations between the two Houses and assesses the prospect of internatiooally co-ordinated sanctions oext month.

The Senate bill would ban new US investment in South Africa, bank loans and imports of a oumber of items produced by South African government-controlled companies. At the bebest of Democratic Senator Edward Kennedy nf Massachusetts, the Senate added agricultural products and steel to the list of banned imports, which already included coal, uranium and textiles.

The measure would withdraw US landing rights from South African Airways, restrict South African government use of the US banking system and extend the limited sanctions imposed by Mr Reagan last year. These included bans on the import of gold kruggerrands, on bank loans to the South African Government and on US exports of computer and nuclear technology.

More die in unrest, Page 2

Satellite rivals bid to fill gap left by shuttle

BY DAVID MARSH IN PARIS

THE ENDING of the US space shuttle's role as a commercial satellite launcher opens up the heavens for a new phase of competition in the space business between European, US and Japanese organisations.

Arianespace, the mainly French-backed company commercialising Ariane, the European space rocket, stands clearly to benefit from President Ronald Reagan's decision, but it will now be confronting a bevy of private sector US companies anxious to send payloads into space using both existing and newly developed American rockets.

Japan, which last week launched its own space industry with the first successful mission of its H-1 rocket, and China, with its Long March launcher, also intend to stake out a place in the international space market.

This new era is unlikely, however, to bring any rapid rush of alternative facilities for organisations queueing up to launch satellites, and the immediate effect of the US move will almost certainly be to increase launching costs.

European space officials, led by Mr Fréderic d'Allest, chairman of Arianespace and director-general of CNES, the French space agency, have complained during the last few years about the heavy subsidisation of commercial satellite launches by the space shuttle.

Mr d'Allest says the National Aeronautics and Space Administratioo (Nasa) has effectively been costing American taxpayers an aooual $1bn to $2bn through undercharging domestic and international customers using the space shuttle for satellite launches.

Transpace Carriers, a company set up to market the Thor Delta rocket, along with General Dynamics, filed an official complaint two years ago claiming that Ariane subsidies were breaching international fair trade rules. Those two companies are likely to become among the most important private enterprises commercialising future US space launches.

The petition backfired, however, as Arianespace was able to show that the main offender in subsidised space launch pricing was Nasa.

Although the ending of subsidised space shuttle satellite missions is bardly good news for launch customers, compensation may now come from greater efforts by the space industry to improve reliability.

Arianespace, which bas an order backlog worth $1.6bn for launching 37 satellites in the next few years, bas already been profiting from this year's setbacks affecting not only the shuttle but also unmanned American rockets.

It has not only pushed through substantial price rises for future launches, but has also captured some orders – including for Japanese satellites and for British military communications spacecraft – which had been originally earmarked to go aloft with the space shuttle.

Further Ariane launches have been postponed until the beginning of next year at the earliest after the rocket's failure shortly after take-off in May, while part of the ignition system in the trouble-prone third stage of the rocket is redesigned.

Now that the shuttle is permanently out of the running, Ariane engineers can presumably afford to take their time in thoroughly testing the rocket before the next mission is authorised.

They face little alternative pressure because the availability of conventional rockets such as the Atlas and Delta is highly limited. That is a result of the 1970s decision – which has now been spectacularly overturned – to run down their production lines and concentrate American space missions on the space shuttle.

Ian Rodger adds from Tokyo: Japan's fast growing space industry will be delighted with the news that Nasa is withdrawing from the commercial satellite launch business. Japan, which has lagged behind the US and Europe in space technology, has been investing heavily in recent years to catch up.

One of its main programmes is aimed at developing rockets based entirely on Japanese technology, which are capable of lifting large communications satellites into synchronous orbit.

In the past 13 years, 16 large rockets, all based on US technology, bave been launched by the National Space Development Agency of Japan (Nasda). Last week saw the launch of the first prototype of the H-1 rocket, which is based more than 50 per cent on Japanese technology and can carry payloads up to 550 kilograms.

Nasda, which gets nearly 90 per cent of its funding from government departments, is already developing a bigger rocket, H-2, which will be totally Japanese. The first launch of the H-2, which will carry payloads up to 2,000 kg, is scheduled for 1991, but it would not be surprising if Nasda accelerated the development in view of what it will undoubtedly see as a new commercial opportunity.

Editorial comment, Page 10

Peru defiant after IMF acts to deny new credit

BY ALEXANDER NICOLL IN LONDON

PERU has reacted defiantly to the International Monetary Fund's decision to cut the country off from new credit until it clears its payments arrears.

President Alan Garcia, who has taken a militant stance on foreign debt and on the IMF's role since coming to power in July 1985, told a rally of 40,000 people in Lima on Saturday: "They have responded to us with insensibility, incomprehension, and the rules of an unjust, inhuman system whose logic is deaf to the clamour of the poor of the world."

To an audience of Latin American labour leaders, he declared: "We are now going to isolate ourselves from domination, imperialism and the exploitation of the unjust distribution of the world's wealth."

Peru, with a foreign debt of $14bn and foreign exchange reserves of $1.2bn, consciously provoked the IMF's executive board into its decision on Friday to declare the country ineligible for new loans.

That is one of the toughest steps the board can take against a member, and a sanction it has previously voted only against Vietnam, Guyana, Liberia and Sudan – all countries with far smaller debts.

After escaping punishment in April through a partial payment of its arrears to the IMF and an assurance of its goodwill, the Peruvian Government fully expected the IMF to rule it ineligible last week, when it made a payment of $35m, which still left it $158m arrears.

The decision marks a further deterioration in Peru's relations with international financial institutions.

Acting on Mr Garcia's stricture that only 10 per cent of export earnings should be devoted to foreign debt, Peru has been making only token payments to foreign creditors, and has built up substantial arrears to the IMF, official creditors and international banks.

In practice, the IMF vote will do little more than reinforce the impasse that has existed since Peru decided to go it alone. Peru's resistance to an IMF-endorsed economic adjustment programme remains adamant. The IMF, in any case, does not lend to countries that are in arrears. New loans from other official institutions and private banks will remain stalled, as well as negotiations on a debt restructuring.

Peru's main bank creditors, which have already made substantial loss provisions on their exposure because of interest arrears, are highly unlikely to negotiate any new agreement until it is again in good standing with the IMF and has an IMF endorsement for an economic programme.

Bankers say that until now they have taken the token payments as a sign that Peru might be prepared to soften its hard-line stance, and have therefore tried to continue working with Peru. The country has sought a meeting on rescheduling

Continued on Page 12

Mexico's leading creditor banks appear to be inching closer to agreement on their $500m participation in a $1.6bn standby credit to tide the country over until its agreement with the International Monetary Fund is formally signed. The loan is expected to be agreed this week, clearing the way for negotiations on banks' $6bn share in Mexico's IMF-backed rescue programme. The IMF's final decision to go ahead will depend on banks' agreement to put up their share.

Pakistan 'day of protest' called as violent clashes continue

BY MOHAMMED AFTAB IN ISLAMABAD

OPPOSITION parties in Pakistan have called a nationwide day of protest today to mark the deaths of anti-government demonstrators killed by police last week and to press for national elections.

Yesterday police opened fire on anti-government demonstrators in Karachi, killing two and injuring several others, in the fifth consecutive day of violent protest against President Zia ul-Haq.

Witnesses said police used rifles against several hundred youths calling for the release of their jailed leaders after failing to dispel them with shotgun pellets and tear gas. Police would neither confirm nor deny that they had shot the demonstrators.

Opposition sources said that arrests of political activists continued throughout the country at the weekend.

More than 1,000 people, including Miss Benazir Bhutto, leader of the Pakistan People's Party (PPP) and key members of the umbrella Movement for the Restoration of Democracy (MRD), have been detained since the civilian Government of Prime Minister Mohammed Junejo banned political meetings and rallies last Wednesday.

Protest meetings and marches are planned in Lahore and other cities today and the opposition has promised that they will be carried out peacefully.

Mr Nawaz Sharif, the chief minister of Punjab province, which has seen violent demonstrations in the past week, gave a warning yesterday that the opposition "should not expect mild treatment" during its day of protest.

Mr Rao Abdul Rashid, a leading member of the PPP, has said that legal proceedings would be started against Mr Sharif for the alleged murder of three demonstrators shot by police in Lahore last Thursday.

Yesterday, troops were called out to help police in Haila, 150 miles north of Karachi, after anti-government demonstrators set fire to public buildings.

The army was also patrolling other towns in Sind province, a traditional opposition stronghold, to prevent further violence.

CONTENTS

OVERSEAS NEWS

Sixty feared dead in rocket attack on Sudanese aircraft

BY JOHN MURRAY BROWN

SIXTY people were feared killed yesterday when a passenger aircraft was shot down in the south of Sudan amid reports of an escalation in the country's three-year civil war.

The SudanAir Fokker aircraft was on a domestic flight from the town of Malakal to the capital, Khartoum, 420 miles to the north. According to Suna, the government newsagency, the aircraft was attacked by a Sam-7 rocket.

The rebel Sudan People's Liberation Army (SPLA) had earlier declared that the areas under its control in the south were "off limits" to aircraft, including famine relief flights. Aid agencies are presently staging an airlift of food to an estimated 2m people at risk in the largely non-Moslem south of the country.

Relief flights by the International Red Cross from Entebbe in Uganda to the beleagured southern town of Wau, which started last week, were reported to have been suspended yesterday. The SPLA has insisted that it must handle all food relief operations in the south, where all road, rail and river links have been cut for months.

The aircraft attack follows a meeting two weeks ago between Mr Sadiq el Mahdi, Sudan's new prime minister, and Col John Garang, the rebel leader, in the Ethiopian capital of Addis Ababa.

After a brief visit to Tripoli for talks with Libyan leader Col Muamar Gadaffi, formerly the SPLA's main backer, Mr Sadiq was in Moscow last week for the first visit to the Soviet Union by a Sudanese leader since former President Jaffar Nimeiri went there in 1971.

Mr Sadiq is set to present new Islamic laws to the Moslem-dominated 301 member Khartoum Assembly by the end of the month to moderate the harsh sharia approach of former President Nimeiri.

However these seem unlikely to satisfy the rebels, who call for complete abolition of Islamic law, demanding a secular constitution.

TWO South Yemeni MIG fighters intercepted an Air Djibouti Boeing 720 over the Red Sea yesterday and forced it to land at Aden, Reuter reports from Djibouti.

South Yemeni armed guards made the 59 passengers disembark and kept the plane on the ground for four hours while they searched it for opponents of the Aden Government and supporters of deposed president Ali Nasser Mohamed, according to informed sources.

They said Mr Hussein Kassem Ahmed, an associate of the former president, was aboard the plane and took off with the rest of the passengers after the Ethiopian pilot refused to leave without him. Djibouti has protested to South Yemen over the incident.

Congress fails to renew law on deficit

By Reginald Dale in Washington

THE US Congress has recessed for three weeks without restoring the automatic deficit reduction mechanism of the Gramm-Rudman balanced budget law, meaning that it will almost certainly face the delicate task of voting new spending cuts after it returns in September. The challenge will provide a stiff test of Congress's fiscal discipline in the run-up to November's mid-term elections.

Senate Republicans had wanted to attach a new automatic spending mechanism to a bill raising the national debt limit which had to be passed at the end of last week. The Senate favoured giving the authority to make cuts to the White House's Office of Management and Budget, a proposal opposed by House Democrats on the grounds that it would give too much power to the President.

The original automatic enforcement mechanism, which gave the authority to an agency of Congress, was voided by the Supreme Court because it violated the constitution's separation of powers doctrine. With the House adamantly resisting the Senate plan, Congress finally passed a stop-gap measure raising the national debt limit by $32bn to $2.11 trillion (million million) without a new enforcement provision.

Current estimates suggest that the deficit for fiscal 1987 which begins on October 1, will be about $20bn above the Gramm-Rudman target of $144bn, obliging Congress to vote spending cuts

Ivo Dawnay on the car industry's threat to anti-inflation strategy

Challenge for Brazil's price freeze

BRAZIL'S MOTOR industry—both manufacturers and component and raw material suppliers — is on a collision course with the government over its price freeze, the cornerstone of the country's economic adjustment programme introduced last February.

The confrontation, which has developed into a three-cornered slugging match, is the most serious challenge yet to the anti-inflationary strategy of President Jose Sarney's Government. Its outcome is being watched closely by several other key industrial sectors, from pharmaceuticals to tobacco, which are also pressing for a relaxation of the price freeze.

Meanwhile, strikes and spare parts and materials shortages have brought chaos to Brazil's car and truck industries, reducing production by some 8 per cent last month, at a time when customer waiting lists are stretching to a record eight months.

A consumer boom has taken demand to all-time highs, but workers at several plants have been forced to take paid holidays as component suppliers have run out of stocks or refused to continue deliveries at existing prices.

Since the beginning of this month total car output had dropped still further, possibly by as much as 50 per cent, according to one senior industry official.

General Motors, which has 25 per cent of the Brazilian domestic market, has some 9,000 uncompleted vehicles, equivalent to 10 days output, paralysed in its two Sao Paulo state plants for lack of parts.

Ford, which is losing 700 vehicles a day through the shortages, has been forced to give 7,600 workers unscheduled holidays, while Volkswagen, the largest Brazilian carmaker, had last week cut production from 1,800 to 160 cars a day in part as a result of a strike at the Goodyear tyre plant. So far, only Fiat appears relatively unscathed.

Pressure for a confrontation has built up since the introduction of the Cruzado plan in the spring, when the Government overnight froze prices just before new rises were due to be approved. It worsened when component suppliers insisted on raising their prices in line with increased raw materials costs from the aluminium, pig iron and other key items.

Carmakers, under pressure from the Government, have refused to accept these rises. Going one step further they have, in effect, cut their payments on several components by reducing premia on bills which used to be paid during the period of high inflation for late settlement.

The component industry says that though many of its input prices should also be frozen, suppliers have refused to deliver without adding charges, sometimes as high as 50 per cent over the official rate.

This chain of increased costs has resulted in all sectors in the industry putting intense pressure on the Government to soften its position. But in spite of several meetings with Mr Dilson Funaro, the Finance Minister, the industry has failed to win any significant concessions.

Last week, the carmakers won a small symbolic victory when the Government agreed some price rises on new "1987" models. But even these elicited protests from the industry as less than adequate to justify increased investments.

Furthermore, updating costs of existing models and engines failed to earn manufacturers the right to lift retail prices.

Mr Clifford Vaughan, President of General Motors, warned at the weekend that the impasse had inevitably cast doubts on the advisability of further investment, GM had spent some $50m in introducing new 1.8 litre engines, yet these had been denied a retail price rise. "They are trying to sort out a severe economic situation politically and you just can't do that," Mr Vaughan said.

He acknowledged that any Government concession to the car industry would raise the expectations of other sectors, but said that car makers could not go on subsidising domestic market losses with export sales.

The row has come at a time when sales prospects have never looked better. In spite of the imposition last month of a swingeing 30 per cent consumer tax on new cars, demand is still intense.

The Brazilian car companies had expected to achieve record production in 1986 of about 1.1m units against 966,700 last year. As little as six weeks ago, all the major producers were reporting record sales.

In May, total domestic sales, including light commercial vehicles and trucks, hit 86,200, while figures for January to July showed 533,000 compared to a total of 763,200 for the whole of last year.

FOOD IMPORTS have hit Brazil's trade figures, making July the poorest monthly result since February—the period just before the Government's radical economic adjustment programme.

Nevertheless, the country still achieved a balance of trade surplus of $1.01bn (£682.4m) with exports remaining above $2.2bn. In the first seven months, Brazil's surplus in visibles remain at record levels, hitting $7.17bn against $6.68bn over the same period last year.

The latest figures were disclosed at the same time as an official government monthly inflation rate of 1.19 per cent in July, slightly higher than the Government had hoped. Earlier this month the inflation indices caused controversy as the official statistics institute fought to include recent price rises of 30 per cent on cars and 28 per cent on fuel in the result.

Yesterday's official figure extends these rises on the grounds that the sums involved are not taxes but compulsory loans, which will be tradeable as shares in three years.

The rise in Brazil's imports bill can be directly attributed to the strong growth in food imports and shipments of machinery from abroad.

Brazil's export performance remains buoyant, however. Sales rose $200m in July on the previous month despite a poor performance by the coffee sector.

Tehran and Moscow to discuss oil policy

IRAN'S oil minister is to visit Moscow and several African and Asian countries to discuss the attempt by the Organisation of Petroleum Exporting Countries (Opec) to cut output and boost oil prices, Tehran Radio said yesterday, agencies report.

Mr Gholamreza Aqazadeh is to fly to Moscow today to discuss co-ordination between Opec and the Soviet Union, the world's biggest oil producer. The talks will also cover bilateral co-operation on oil and gas.

Earlier this month, Opec adopted an Iranian proposal to reduce production to 16 million barrels per day during September and October. The accord exempted Iraq, Iran's enemy in the six-year-old Gulf War.

Iran claimed at the weekend that it shot down two Iraqi warplanes which bombed a factory in the southern oil-producing province of Khuzestan. Irna, the Iranian newsagency said four workers were killed and four others wounded in the strike.

Iraq, in a report on Baghdad Radio, admitted losing one fighter which crashed inside Iranian territory.

In London, Lloyds reported that a 10,316-ton chemical tanker was limping to Dubai with two crewmen missing after a bomb attack set its engine room ablaze yesterday. The Panamanian-registered vessel was struck between 10 and 20 miles off the UAE port of Sharjah.

Tamils admit flying from India

BY ROBERT GIBBENS IN MONTREAL

MORE THAN 70 Tamils seeking refugee status in Montreal have now admitted they flew from India to Moscow by Aeroflot, the Soviet airline, travelled via East Germany to Berlin and Hamburg, and finally sailed on a West German-owned freighter to Canada.

The refugees said they flew Aeroflot because it was the cheapest airline and the price of the whole trip was about $3,000 (£2,007) each. It was organised by intermediaries whom they did not identify.

In all, 154 Tamils were put into lifeboats early last Monday near the south eastern tip of Newfoundland. Three families with young children were given cabins on the freighter but the rest travelled in the hold.

The Canadian Government is starting a crash programme to reduce the backlog of 25,000 refugee cases awaiting decisions on settlement. The immigration department opens about 1,000 refugee files a month but has the resources to handle only 200.

Many applicants live in Canada for several years before they get a decision. The Government now fears a flood of new cases because it has accepted the Tamils for one year until their cases are settled individually.

Canada accepts about 12,000 refugees a year from overseas camps, another 4,000 come in under private sponsorship and about 10,000 a year arrive seeking asylum on their own.

Hundreds of Tamils have been arriving each month by air, about 250 in June alone. Canadian law guarantees everyone the right to apply for refugee status and to stay until the case is heard. While waiting they have full social benefits and send their children to school. If they are granted refugee status they become landed immigrants, and if refused, often join the illegal immigrant population, now estimated at well over 50,000.

Rupert Cornwell adds from Bonn: Mr Wolfgang Bindel, Captain of the freighter, Aurigae, who denies smuggling the Tamils across the Atlantic in return for a fee of DM 700,000 (£227,000), is promising to return to West Germany by the weekend to help clear up the affair.

In a ship-to-shore interview with a West German radio station, Mr Bindel admitted leaving the small port of Brake on the River Weser early on July 28.

He claimed to have discharged both cargo and two lifeboats of the former cruise ship Regina Maris at the Belgian port of Zeebrugge before making for Dakar in Senegal. The Zeebrugge harbour authority, however, is adamant that the Aurigae has not been seen in the port since July 12.

The controversy over Tamil and other Third World refugees seeking asylum in West Germany took on possible criminal undertones at the weekend with an arson attack on the offices of the Hamburg police department dealing with illegal black labour and refugee smuggling.

Investigators believe the attack, which failed to damage sensitive files in the building, was the work of extremists out to exploit the tensions aroused by the refugee problem for political ends.

● Two Sri Lankan Tamils were charged yesterday with trying to smuggle 11 fellow refugees from West Germany into France, Reuter reports from Metz.

The Sri Lankans, all of whom have applied for refugee status in West Germany, were arrested on Saturday as they tried to cross the border in two cars.

Seven die in weekend South African unrest

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S black townships enjoyed a comparatively peaceful weekend, according to reports by the Government's Bureau for Information.

On Friday four black people were burned to death by other blacks in townships near Johannesburg and Durban. Three were killed on Saturday, and there would have been fewer deaths had security forces not been obliged to fire defensively on demonstrators in Kwazekele near Port Elizabeth and Sebokeng near Vereeniging, the bureau claimed.

In Johannesburg police arrested two apparently drunk white men who had allegedly opened fire on a group of children playing in an Alexandra township street on Thursday. A young girl was wounded and police say the men will be charged with attempted murder.

In Northern Namibia security forces claimed to have killed four members of a group of Swapo insurgents who attacked the town of Oshakati early on Saturday.

According to the security forces, three civilians were killed and ten were injured during the attack.

Emergency detainees are to receive better treatment by the police following an application last week to the Supreme Court in Grahamstown for the release of six detainees. Police stations throughout the country have been told to improve the food given to emergency detainees.

● Switzerland's big banks have provisionally abandoned official exchange rates for the South African rand, reports John Wicks from Zurich.

The currency has been excluded from the banks' foreign-exchange convention due to its "marked fluctuations and the unforeseeable development of its exchange rate."

Strikers seize Australian offshore rig

By Keith Wheatley in Perth

PRODUCTION from a rig in the North West Shelf, Australia's biggest gas facility, is at a standstill following its seizure by 300 striking workers. Woodside Petroleum, the operator, says there is no immediate end to the dispute in sight.

Police attempted to land by helicopter over the weekend at the North Rankin platform off Western Australia, but were turned back by the occupation force. Company helicopters have been told they cannot set down.

All of Perth's domestic gas and most of the city's industrial fuel comes from North Rankin. Official estimates say the gas in the 1,000 km pipeline will last until Wednesday.

The dispute started late last week when 14 drillers employed by sub-contractors Seadrill were sacked for staging a brief meeting. Woodside says they endangered rig safety at a critical point in the drilling operation.

Mr David Agostini, offshore operations manager for Woodside, said the drillers left a well which has already penetrated a high-pressure gas reservoir. This created the hazard of one of the worst blow-outs in the Australian offshore drilling industry, he said.

'Human error blamed' for Chernobyl nuclear blast

THE SOVIET nuclear accident at Chernobyl was estimated to have released 30 to 40 times as much lethal ash as the atomic bombs dropped over the Japanese cities of Hiroshima and Nagasaki in 1945, Reuter reports from Tokyo.

The Soviet Union, in a report to the International Atomic Energy Agency, blamed human error for the April 26 disaster, the newspaper Asahi Shimbun and Kyodo News Agency said yesterday. The Russian-language report was presented to the Vienna-based agency on Thursday.

Asahi Shimbun quoted the Soviet report as saying that the Chernobyl accident, involving the No 4 reactor, occurred during experiments with a turbine generator.

Researchers were trying to see how much electricity could be produced through turbine inertia by halting a flow of steam to the generator from the reactor.

It said the Soviet report denied that there was a meltdown of the reactor fuel rods.

● Mr Ingvar Carlsson, the Swedish Prime Minister, yesterday attacked the use of nuclear power, citing the way the Chernobyl disaster had forced many of his countrymen to change their eating habits.

"Nuclear power is one of the greatest threats to our environment, Mr Carlsson told a labour rally in Stockholm adding that the Chernobyl accident had strengthened Sweden's conviction that nuclear power must be got rid of.

Chirac opens rift in French foreign policy

FRENCH Prime Minister Jacques Chirac has opened up old wounds with outspoken comments on the Middle East conflict which have highlighted rifts in the French Government's fragile consensus on the region, Reuters reports from Paris.

Political commentators say Mr Chirac's remarks to an Israeli journalist highlighted two important areas of discord on the Middle East with Socialist President François Mitterrand, who would normally have the final word on foreign policy.

He also reopened a controversy with ex-President Valery Giscard d'Estaing over who was responsible for selling Iraq a nuclear reactor in 1975—a deal denounced by Israel which destroyed the plant in an air raid in 1981.

After his remarks were published in the Israeli Newspaper Yediot Aharondt on Friday, Mr Chirac issued a statement from Morocco, where he has been on holiday, denying he had given a formal interview to journalist Ben Porat.

He said he had had a "conversation" with Porat about a book he was writing on the Iraqi reactor deal. He did not contest the accuracy of the remarks attributed to him.

According to the newspaper, Mr Chirac said he opposed the creation of a Palestinian state, favouring instead talks between Israel and Jordan over what kind of homeland to give the Palestinians.

These views contrast with those of Mr Mitterrand, who called for a Palestinian state in 1982 and favours an international peace conference rather than the US plan for Israel-Jordan talks.

"I do not favour on independent Palestinian state. No one really supports the formula of an independent Palestinian state. It is just rhetoric... the solution should be found in the framework of an accord with Jordan...," the newspaper quotes him as saying.

Chirac said he had never met Mr Yasser Arafat, the Palestine Liberation Organization (PLO) leader, "and it is superfluous to add that this did not happen by chance."

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OVERSEAS NEWS

Seoul halts bank borrowing, foreign currency bonds

SOUTH KOREA has banned further bank borrowing and the issuing of foreign-currency denominated bonds and notes until the end of September because of a rapidly improving balance of international payments, banking sources said. There was no immediate official confirmation of the move, Reuters reports from Seoul.

The sources said the Government has temporarily instructed state-run banks, including Korea Exchange Bank, Korea Development Bank and Export-Import Bank of Korea, commercial banks and merchant banks not to take out any more foreign loans or to raise funds through the issue of floating rate certificates of deposit or floating rate notes.

The unprecedented action was taken because South Korea looks on target to achieve a current account surplus of between $1.5bn and $2bn this year, the country's first surplus since 1977, the sources said. This would compare with a deficit of $887m last year.

South Korea is expected to post its first trade surplus, totalling over $1.6bn, in the calendar year 1986, against a $30m deficit last year. President Chun Doo Hwan said last week that gross national product (GNP) will grow at least 9 per cent in 1986 compared with provisional growth of 5.1 per cent for 1985.

South Korea's outstanding foreign debt was $46.81bn at the end of April against $46.78bn at the end of 1985 and $11.28bn a year earlier, according to the Finance Ministry.

The sources said the Government plans to reduce substantially the original 1986 target of $48.1bn in outstanding foreign borrowing, but could give no other details.

The Economic Planning Board said last month South Korean banks are expected to seek a total $2.8bn of credit in various forms in 1987 compared with $3.9bn in 1985. No 1986 figures are available.

South Korean private economists say even the revised 1986 GNP projection of 9 per cent growth – against an originally forecast 7 per cent – is too conservative in the light of a strong yen, declining international interest rates and falling oil prices.

Some economists say the growth rate should be around 10 per cent.

Thatcher urged to seek nuclear test-ban talks

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

DR DAVID OWEN, leader of Britain's Social Democratic Party (SDP), has urged the UK Government to press for the resumption of negotiations on a comprehensive test ban treaty.

In a letter to Mrs Margaret Thatcher, Prime Minister, he said he believed the climate now existed in which it would be possible to make progress towards a nuclear test ban.

He reminded Mrs Thatcher that the US Senate had recently passed a non-binding resolution urging ratification of the 1974 Nuclear Explosion Treaty and demanded the reopening of negotiations for a test ban. Last weekend, the US House of Representatives voted to withold funds for a year from all nuclear tests above a one kiloton yield, starting from January next year.

Dr Owen said that the situation was changing rapidly and called on the British Government to reconsider its position and to become "a positive advocate for progress" on the issue.

He referred to the Government's repeatedly expressed concern that verification of a test ban represented a big stumbling-block to any test ban treaty but said the Prime Minister now had to realise that there were no longer any technological problems to verification.

The SDP leader described as alarming the evidence that nuclear weapons scientists were throwing up obstacles to a test ban on the grounds that a nuclear explosion provides the greatest and most effective power source for the laser beams at the centre of the US Star Wars programme. President Reagan, however, had promised that the SDI programme would be non-nuclear.

WORLD TRADE NEWS

Eximbank to back power project in Turkey

By David Barchard in Ankara

Eximbank of the US is to make credits of around $400m (£267.6m) available to an international consortium led by Bechtel to build a coal-fired power plant of up to 1,200 Mw on the coast at Tekirdag near Istanbul

The announcement indicates that the "build operate transfer" model favoured by Mr Turgut Ozal, the Turkish Prime Minister, is gaining increasing acceptance among the export credit agencies which were originally its fiercest opponents.

The Bechtel consortium is one of three competing to build large coal-fired power stations in Turkey. If the proposals are approved, Bechtel and its partners will set up a joint venture with TEK, the Turkish electricity authority, with capital of $200m and probably a 55 or 60 per cent foreign majority holding.

The joint venture will build and operate the plant for a 15-year period, during which it will recoup the cost of the project, before handing it back to the Turkish Government.

As well as Bechtel, Combustion Engineerlng of the US, Kraftwerk Union (KWU) of West Germany and Royal Dutch Shell are involved in the project. Shell will build and operate a terminal for the imported coal. General Dynamics is expected to have a share in operating the plant, as part of the indirect offset arrangements for its $4bn F-16 aircraft co-manufacturing project in Turkey.

The Turkish Government has been consistently unwilling to extend a sovereign guarantee to the projects built under the build operate transfer model, arguing that such a guarantee is inappropriate for a joint venture.

Eximbank officials refused to confirm or deny reports by Turkish officials at the weekend that the bank had now dropped its demand for a government guarantee.

The Swiss Government announced three months ago that it was making SFr 700m (£281.7m) available for a final project, headed by Brown Boveri and including Marubeni of Japan and the Electricity Supply Board of Ireland.

Tim Dickson describes a gruelling series of bilateral negotiations

Brussels' hard line in textile talks

EEC TEXTILE IMPORTS—MFA PRODUCTS ONLY

(tonnes)

	1979	1980	1981	1982	1983	1984	1985
South Korea	79,682	83,851	85,636	80,629	69,487	69,330	72,581
Hong Kong	134,908	126,769	119,238	112,531	120,584	117,174	106,175
India	74,539	74,370	60,451	44,300	46,194	68.887	58,463
Pakistan	35,114	42,514	36,779	40,642	44,138	39,398	53,687
Brazil	58,266	59,497	53,232	64,542	62,262	68,619	83,069
Switzerland	71,302	71,796	76,104	83.405	94,411	102,510	108,656
Turkey	90,776	64,368	97,542	109,724	123,190	145,891	154,505
China	40,867	59,231	70,499	78,107	87,957	96,118	107,066

Source: European Commission

IF SOUTH KOREA has been the biggest hurdle so far for EEC negotiators trying to reach bilateral textile agreements, then a larger obstacle may be still to come. Negotiations with Hong Kong are to resume next month after two earlier attempts ended in failure.

EEC negotiators have already agreed 19 new deals this year with developing country and Eastern bloc textile exporters and next month they hope to conclude three more voluntary restraint agreements.

Dates have been fixed for the opening of talks with Pakistan and Brazil on September 5 and 9 respectively, but, more significantly, negotiations with Hong Kong are set to resume on September 29 after two earlier attempts at compromise failed to find a solution.

The second session broke up in mid-July — "the gap between the two sides is quite wide," Mr Hamish MacLeod, the Hong Kong chief negotiator, commented afterwards — and some tough exchanges are expected when the two teams meet again

Altogether 26 bilateral textile agreements involving the EEC and exporting countries are up for renewal this year in a process which is closely linked to the terms of the Multi-Fibre Arrangement (MFA), itself renewed in Ceneva at the end of July for a five year period.

Essentially the MFA, whose recent extension was notable for the wider range of fibres which it now covers provides a framework of rules within which bilateral arrangements detailing quotas and other restrictions for various product items can be worked out.

The MFA—the most important negotiated exception to the General Agreement on Tariffs and Trade—says such bilateral restraint agreements are justified on the grounds of "market disruption," defined as "serious damage to domestic producers or the actual threat thereof."

Restrictions come in the form of quotas normally applied at the exporter's end and their initial size, subsequent rate of growth and other elements of "flexibility" have to be determined in conformity with the MFA and/or the terms of its extension.

The EEC with its fundamental dislike of trade barriers and protectionism on the one hand and its duty to provide safeguards for a domestic industry which is still struggling to remain competitive on the other, has to strike a delicate balance in negotiations. But within the limitations already laid down by the MFA, the Commission negotiators have been given a mandate by member states to try to keep in check the growth of textile imports from leading traditional suppliers such as Hong Kong and Korea—particularly of "sensitive products"—while giving larger quotas to the least developed countries such as Bangladesh. (In fact, the EEC has decided to set no limit for Bangladesh.)

That is why the agreement with South Korea—concluded just a couple of weeks ago and due to run for five years from January 1—was one of the trickiest of the 19 such new deals already completed this year.

According to an EEC official the terms are broadly in line with the existing agreement but they allow for increases of only 0.1 per cent to 1.25 per cent on the most sensitive "Group One" category of products. Around 40 products are involved including garments such as T-shirts, trousers, skirts and pullovers which between them account for around 40.000 tonnes of the 70.000 tonnes or so which South Korea exported last year to the EEC. The EEC negotiators expressed satisfaction with the outcome but a spokesman for the South Korean mission in Brussels said that "it was not as good as we would like. The EEC officials are tough, they appear to be working to a mandate which has very little flexibility."

Looking ahead to next month's Hong Kong talks, the main sticking point apparently lies in what is known as the "harmonised system" — a highly technical matter involving the recategorisation of certain textile products which could lead to a reduction in quotas. The last discussions broke up with several problem areas still unresolved, though further consultations on the issue were promised between the Hong Kong negotiating team and representatives of the Hong Kong industry.

Besides South Korea, the 19 bilateral EEC textile agreements so far concluded are with Thailand, Singapore, the Philippines, Indonesia, Malaysia, Czechoslovakia, Romania, Hungary, Bulgaria, Poland, Sri Lanka, Peru, Bangladcsb, Macao, Columbia, Guatemala, Haiti and Mexico. The last four are described in Brussels as "more simplified agreements." No dates have yet been fixed for Uruguay, India, Yugoslavia and Argentina.

World Economic Indicators

RETAIL PRICES (1980=100)

	June '86	May '86	April '86	June '85	% change over previous year
US	132.7	132.1	131.8	130.4	+1.8
W. Germany	121.1	120.9	120.9	121.3	−0.2
France	161.9	161.4	161.0	158.3	+2.3
Italy	202.3	201.5	200.7	190.4	+6.3
Netherlands	122.7	123.2	123.2	122.5	+0.2
Belgium	142.2	142.0	142.4	140.5	+1.2
UK	146.3	146.4	146.1	142.7	+2.5
Japan	115.2	115.8	115.0	114.6	+0.5

Source: Eurostat

Nissan plans Canada plant

BY ROBERT GIBBENS IN MONTREAL

NISSAN CANADA, the only one of the three leading Japanese car companies not to commit itself to assembly in Canada, is negotiating with the Federal Government on a proposed car parts plant to be built in Ontario or Quebec.

The investment would be worth between C$300m and C$500m (£145m and £242m), and start-up would be in 1990-1991.

● GM Canada has told the Canadian Auto Workers Union that if it would reopen the current wage contract at its Montreal assembly plant, the company would commit itself to produce one of the Pontiac 6,000 range there.

The car would be produced for the Canadian and north-east US markets. GM Canada is seeking job classification and other changes to reduce costs.

● Peking Jeep, a major Sino-American joint venture, will resume production today after a two-month shutdown caused by a lack of foreign exchange, the official Xinhua news agency said on Saturday, AP writes from Peking.

The report said American Motor, the US partner, had agreed to use more local parts and increase exports to overcome the foreign exchange problem that halted production and nearly scuttled the $50m project.

SHIPPING REPORT

Opec quota cuts 'may bring late rush'

By Lynton McLain

A LAST-MINUTE rush of charterers could emerge this week to get August tanker loadings before the Organisation of Petroleum Exporting Countries' two month quota reductions come into force, some shipbrokers forecast at the weekend.

However, there were few indications of such a rush, and activity for large tankers in the Gulf is expected to fall sharply in the wake of the cut in Opec production. Brokers believed this could result in a good market for owners of medium tankers trading in the West.

Loading at Sirri Island in the Gulf was disrupted last week following bombing by Iraq. There was also a shortage of inquiries for tanker capacity although owners of medium tankers in the range 80,000 tons to 140,000 tons experienced steadily climbing charter rates. At least four ultra large (ULCCs) and very large crude carriers (VLCCs) were hit in the attack.

The number of VLCCs and ULCCs available to the end of the month has been reduced sharply, but there are enough vessels to indicate that charter rates are likely to weaken.

The last charter of a VLCC to the West at Worldscale 45 reflected a drop of 2.5 points. Shipbrokers expect tanker owners to try to stabilise the rate at around this level with the resumption of loadings at the Strait of Hormuz.

Smaller tankers of about 120,000 tons continued to gain charter work at satisfactory levels last week, with Worldscale 80 paid for voyages to the continent and Worldscale 67.5 for the US.

Charter rates for clean tanker tonnage continued to be fairly firm with activity steady for voyages to the east, where the smaller vessels obtained Worldscale 90 to India and Worldscale 145 for a 50,000 ton shipment to Japan.

The market in Indonesia was quiet and enquiries from West Africa were down compared with the previous week but owners of medium tankers benefited from some new business.

The volume of trade concluded from the Mediterranean last week was disappointing but firmer rates were expected

UK NEWS

Three freeports have future put into doubt

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THREE of Britain's six freeports are facing a crisis which could lead to one or more of them closing down.

"Development has been slower than expected," said Dr James Boyle, chairman of the freeport at Prestwick airport in south-west Scotland. "It is so slow that half of them are seriously considering whether they can continue in operation as freeports or whether it would not be more beneficial simply to switch to operating as ordinary industrial estates."

Prestwick, one of those seriously considering its future, is seeking to raise another £250,000. The other two are at Belfast in Northern Ireland and Cardiff, South Wales.

Freeports were set up in February 1984 at six sites in Britain – Birmingham airport, Liverpool and Southampton docks are the others. They are industrial areas in which goods may be imported processed and exported free of all customs levies and national taxes. The goods only become subject to local taxes if they are sent from the freeport into the host country.

At Belfast, Mr Fred McClenaghan, marketing director at the Northern Ireland Airports Authority, the operator, said: "We will not necessarily pull out in case the Government changes the rules a bit. We won't throw away what we have done – we have spent about £250,000 on infrastructure work – but we are not going ahead with putting in the systems to get it going."

In Cardiff, Mr Peter Clark, managing director of C. H. Pearce, the Bristol developer that is the operator, admitted that over 400 inquiries had not produced a prospective customer. "We don't want to go any further until a firm prospect emerges of someone coming."

Pearce had put in about £300,000 of its money on marketing and presenting the case, but no work has been done on the site.

Of the three other British freeports, Birmingham airport, which is backed by Slough Estates and the Prudential, is just about to begin marketing itself, having spent the past two years developing the site. Southampton and Liverpool are part of the docks areas and have been working for some time.

Even so, none has been particularly successful. Liverpool has attracted three newcomers employing 60 people, though as part of the port the freeport zone handled 40,000 tonnes of cargo worth £24m in its first year and in the first six months of this year it boosted that to 75,000 tonnes and £36m.

At Southampton, which is operated by Associated British Ports and backed by Trafalgar House, Kleinwort Benson and Ocean Cory, the zone has handled goods to or from 30 countries.

Altogether the six zones have created just over 400 jobs, with 275 of them at Belfast, 80 at Prestwick and 60 in Liverpool. Neither Birmingham nor Cardiff has created a single job.

The freeports lay the main blame for their lack of success on the Customs and Excise. "Failure," according to Dr Boyle, "is due to rigid interpretation by Customs and Excise of the rules and regulations.

"Customs said all along that freeports were unnecessary. In order not to be proved wrong they saddled freeports with bureaucratic regulations which have discouraged people from coming in."

Fiona Thompson finds few captains of politics and industry at work in August

Out of the office – but in touch

THE management of Great Britain Ltd has packed its bucket and spade and gone away on holiday. The establishment, almost to a person, has deserted its desk in the continental style, confirming that August is now the month when the august leave the country ... mainly, and quite cheerfully, to look after itself.

The Windsors are at Balmoral, where the Queen is holidaying with the Waleses, the Yorks and her grandchildren the royal princes. She will remain in Scotland until October.

Mrs Margaret Thatcher, it has to be said, spent the past week about as far away from the monarch as possible without actually falling off the end of the country. The Prime Minister took the first week of her annual break in Cornwall, being towed along the beach by a spaniel, and returned to London yesterday. According to Downing Street, she and husband Denis will spend the rest of August settling into their new house in Dulwich, South London, and, in any event, will only be disturbed for emergencies.

Mr Douglas Hurd, the Home Secretary, is in Italy on a fortnight's holiday, but will "still be getting the (dispatch) boxes," said his secretary. Sir Geoffrey Howe is also abroad, though everyone would have understood if all the Foreign Secretary had wanted to do after his South African shuttle was to put his feet up in his own back garden.

The Treasury confirmed that Mr Nigel Lawson is on holiday but "frankly, we are not saying where the Chancellor has gone." Mr Norman Tebbit, Conservative Party chairman, has flown abroad for two weeks. His secretary confirmed the scarcity of MPs at Westminster.

"The only place one can eat here in August is the policemen's canteen."

The Kinnocks – Labour Party leader Neil, Glenys and the children – are in the pink, enjoying the Corfu sun until the end of August. The two Davids are also away until September, the Social Democrats' Dr Owen visiting his in-laws, the Schaberts, outside New York City, and the Liberal Mr Steel at home at Ettrick Bridge in Scotland, "attending a lot of events at the Edinburgh Festival," according to his secretary.

And if there were an emergency and the Cabinet had to be recalled? According to Number 10, with the help of the Royal Air Force and the host countries in flying members home, "most of the Cabinet could be got back within 24 to 36 hours."

The press officer apologised for not being able to be more precise. He had been seconded from the Department of the Environment press office. The regular man was on holiday.

But he did stress that there usually is a minister in all the Cabinet ministries; even in August, "they're never completely deserted." The Chancellor's office confirmed there was a duty rota "to make sure a Minister is around."

The Chief of Defence Staff, Admiral of the Fleet Sir John Fieldhouse will, barring emergencies, not return to his desk until the end of the month. He's on his boat in the middle of the Channel, sailing with his wife and some friends to France via the Channel Islands.

Mr Peter Miller, chairman of the Lloyd's insurance market, always spends August on the smallest of the Channel Islands, Sark, according to his office. But "he never *really* gets away, he still gets packages sent with papers to read, rather like the Queen."

Sir Nicholas Goodison, chairman of the London Stock Exchange, is holidaying in Britain until the beginning of September. Also returning then will be Mr Robin Leigh-Pemberton, the Governor of the Bank of England. The central Bank's press officer said he didn't know where Mr Leigh-Pemberton had gone, "we wouldn't like to pry," nor did his boss necessarily always take his holiday in August. "He has to fit in holidays when he can, it's a difficult thing for a governor to do."

Sir John Harvey-Jones, chairman of ICI, will be back at his desk on September 1, following his month-long break spent partly in the UK and partly abroad. Both Lord Weinstock, managing director of GEC, and Lord Barber, chairman of Standard Chartered, come under the "not in the office but not on holiday" category.

Only two people approached said they never took their holidays in August. Mr Alasdair Milne, director general of the BBC, always takes his in April and September "because of the salmon fishing in Scotland," according to his secretary; and Mr Duncan Bluck, chairman of the English Tourist Board, finds August "a good time to be here."

Investigating the holiday plans of the great and the gone-if-not-for-good revealed that it is easier to establish the whereabouts of the Queen than Miss Brenda Dean, secretary of the print union Sogat.

Miss Dean's secretary confirmed that she was indeed having a holiday – a short one – but as to where or for how long, she said "these were not the sort of queries she expected from the Financial Times," and promptly hung up.

To be even-handed, what about Mr Geoffrey Owen the editor of the FT? Well, he's on holiday too, at home.

Income bond sales boost for National Savings

RISING sales of income bonds helped National Savings boost its total net receipts to £167.5m in July, in spite of recent cuts in interest rates, *Nick Bunker writes.*

The state-controlled savings bank has been improving its sales record steadily since May, when it took in net receipts of £44m after months of suffering a net outflow of funds. In June, net receipts were £122m.

Figures published by the Department of National Savings yesterday show that withdrawals and encashments of savings certificates have continued to fall, from £454m in May to £372m in June and only £335.5m in July. In recent months, most of the improvement in National Savings' performance has come from a reduction in withdrawals rather than a surge in product sales.

But figures for July reveal that some of the department's products are selling particularly well, reflecting interest rate advantages over building societies, National Savings' traditional rivals.

The societies recorded net receipts of £381m in July, an improvement on the previous month's very low £122m, but still way below the July 1985 figure of £650m.

Sales of income bonds rose to £202.7m from £163.3m in June. They have offered a return of 8.41 per cent to basic rate taxpayers since an interest rate cut which took effect on July 11. Withdrawals were £31.2m, down from £38.6m in June.

Investment accounts, which pay 7.83 per cent net of basic rate tax, took in £130.9m gross, up from £108.5m in June. Withdrawals increased to £98.5m from £91.2m in June.

July's figures again failed to support arguments that National Savings' most competitive product at the moment is its 31st issue fixed interest certificate, which will pay 7.85 per cent per annum tax free if held for five years. Sales totalled only £87.4m.

Company Notices

Contracts and Tenders

Art Galleries

Appointments

State industry boards may win more freedom

BY HAZEL DUFFY

THE GOVERNMENT is expected to agree to plans that would make nationalised industry boards more independent of ministers.

The main proposal, drawn up by Treasury officials and the nationalised industries' chairmen's group, would allow chairmen and board members to be given rolling contracts on appointment and reappointment instead of fixed-term contracts.

That would give them longer notice as to whether they were to be reappointed, instead of leaving them in the dark sometimes until the contract's expiry date.

Sir Ron Dearing, recently reappointed chairman of the Post Office with effect from October 1, is the first to bave been given such a contract.

Other proposals would go some way towards clarifying the power of ministers to dismiss board members and award compensation, improving on the position which is said now to be highly obscure.

Complete clarification to satisfy the chairmen, however, is not possible without general legislation on the nationalised industries – something the Government has rejected before the next general election.

The proposals are all that remain of the Government's plan nearly two years ago to bring in a nationalised industries bill tidying up the mass of statutes underpinning the industries. They are seeo as a small move by the chairmeo towards their goal of making the industries and their relations with ministers more akin to those between big companies and their leading shareholders.

The state industry heads are unhappy about a number of things:

- Ministers and officials continue to intervene in the day-to-day running of the industries, despite public pronouncements that management must be left to get on with the job.
- The level of salaries, a perennial problem, which has been exacerbated by big pay rises to permanent secretaries last year, and huge increases for the heads of industries such as British Telecom after privatisation.
- The need to win special dispensation from ministers to "buy in" board members in disciplines such as finance, research, and sometimes marketing, where competition from the private sector is intense.

Legal move increases spy book controversy

By Michael Cassell

THE GOVERNMENT last night appeared to be heading into deepening controversy over its attempts to prevent publication in Australia of a book containing damaging allegations against the Britisb security services.

The book, publication of which bas been stopped in the UK, was written by Mr Peter Wright, a former security officer, and alleges that the late Sir Roger Hollis, the former bead of MI5, bad spied for the Soviet Union.

In the New South Wales supreme court last week, lawyers for the UK Government accepted, on a procedural technicality, that the contents of the book were true. The move was designed to deflect the court from concentrating on the book's conteots and to ensure it ruled solely on the question of whether or not publication represented a breach of confidentiality by the author.

Government law officers denied afterwards any suggestion that the Government was admitting aoy of the book's allegations.

But there was growing coocern yesterday among some ministers that the strategy could backfire when the full case is beard in November and that the Governmeot's "admission" could harm its attempts to prevent publication

Imported cigarettes increase share of market to over 11%

BY STUART ALEXANDER

A DRAMATIC increase in the sales of cheap imported cigarettes is threatening profitability and employment among UK manufacturers and bas led tobacco industry leaders to mount a new lobby of the Government.

In less than three years imports bave increased their share of the £6bn UK market from 1.75 per cent in December 1983 to over 11.5 per cent, with the majority of the supplies coming from West Germany in general and West Berlin in particular.

The growth in imports has beeo spurred by two factors. There were the three successive budget tax increases of 10p on a packet of 20 cigarettes in 1984, 8p in 1985 and 11p in 1986.

There was also the considerable surplus manufacturing capacity of the domestic and multinational manufacturers after heavy tax increases in 1982 in West Germany.

This was compounded by the higb cost of making German workers redundant and the lower cost of manufacturing in West Berlin, where there are financial incentives to incoming industry.

These factors led to subsidised exports while the price war in the UK, which bas been going oo for 10 years, had eroded profitability.

This left an opportunity for the Germans to sell products manufactured on a "marginal costing" basis – where the full overbead cost is discounted because it is met by their own bome-market consumers.

As France, Italy, Spain and Portugal all have state tobacco monopolies, the same export opportunities were not available to the Germans in those countries while the UK, one of the biggest markets in Europe, was open. Nor was counter-attack in Germany easy for UK manufacturers due to a highly protected distribution system.

The outlets for the imports such as Dorchester and Red Band in the UK have been both the supermarkets, which were already squeezing domestic manufacturers' margins, and the small corner shops.

While the squeeze on UK manufacturer profitability may leave the Chancellor of the Exchequer unimpressed – be receives the tax income wherever the cigarettes are originally manufactured – the industry itself, in a market which has seen total sales decline from 137bn cigarettes in 1973 to an estimated 97bn this year, is feeling frustrated. It points to a series of factory closures.

Novel plan by Norsk Hydro on work time

By Philip Bassett

NORSK HYDRO, the Norwegian-owned Humberside Fertiliser manufacturer, is considering introducing a radical change in working hours' arrangements for its employees which will see an average basic week of under 30 hours and a fortnight off in any six-week period.

The new programme of work, being considered by the company's joint employee-management advisory council, is made possible by a move away by the company from weekly to annual working time.

The scheme by the Immingham-based company – part nf Norway's largest industrial manufacturer – is one of the most novel proposals for working hours yet seen in companies based in the UK.

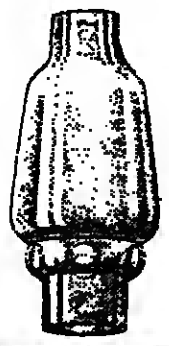
The projected move is part of a far-reaching agreement on union recognition and working practices reached last year betweeo the company and members of the Transport and General Workers' Union, although the deal has not been officially endorsed by the union.

There would be 20 rest days every six weeks, including in most cases a clear fortnigbt away from work. There would be no extra payments for bank boliday or overtime working.

Company Notices

The first, the biggest, the smallest, the thinnest, the lightest... glass in the world.

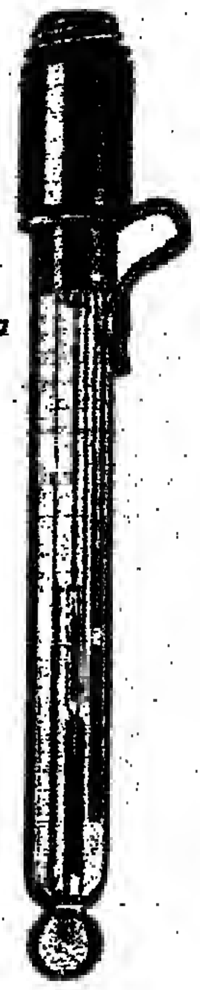
The first glass for really accurate thermometers was developed by Otto Schott in 1884.



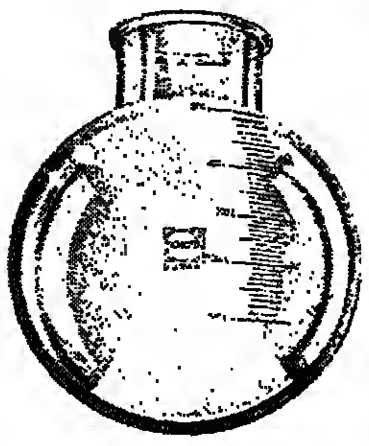
The first heat-resistant glass was developed by Schott in 1890 and since then it has been used in millions of gas lamps.

The "Aspherix" car mirror, the first to give the motorist a full rear view without any blind spots, was developed by Schott in 1974.

More "Neckar" glasses have been sold than any other design: 300 million up to 1985.



Glass electrodes have made measuring the pH value of liquids simplicity itself and Schott has been making these electrodes for 50 years.



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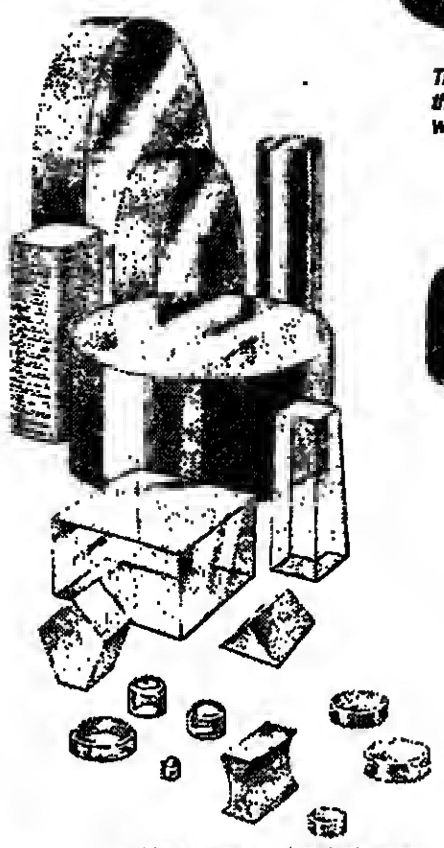
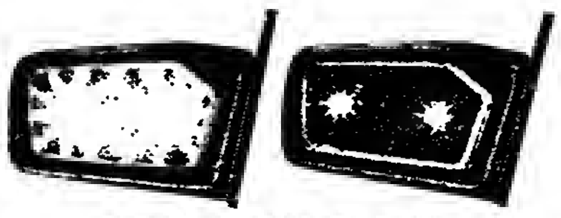
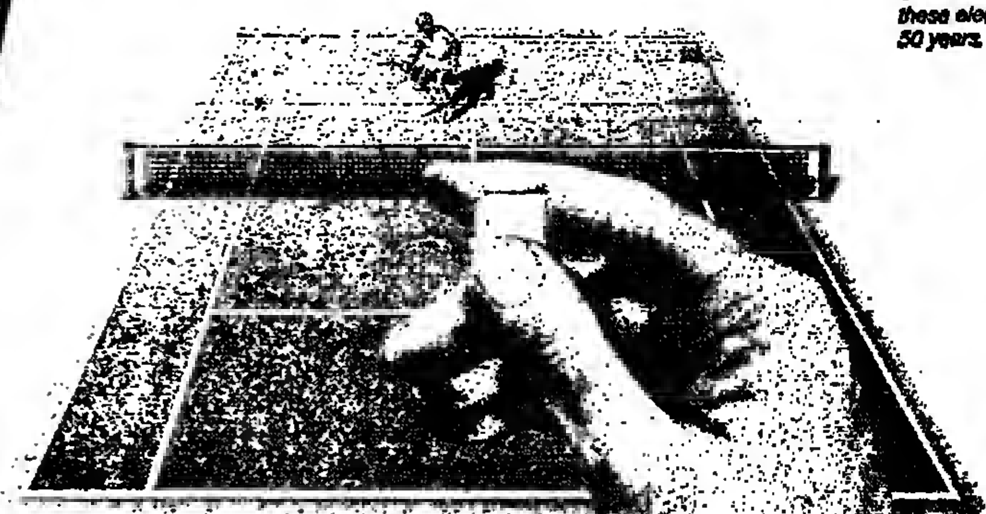
The biggest glass spherical vessel holds 500 litres. It's used in Schott process plant.



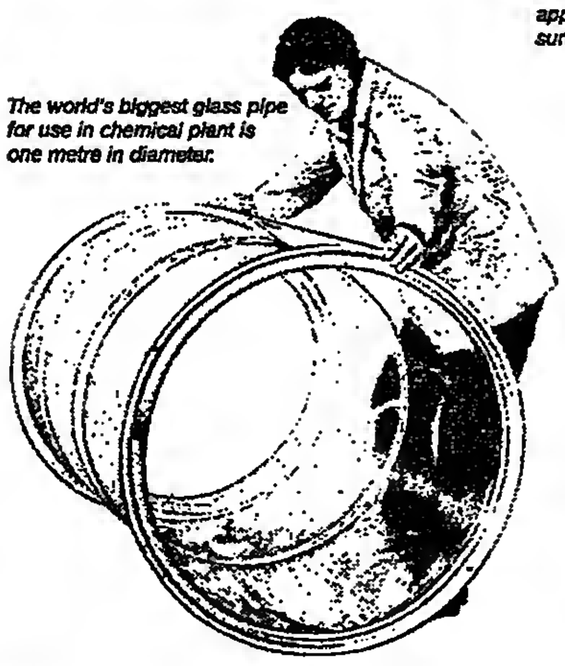
The biggest range of optical glasses – more than 400 in all. Schott has concentrated on developing high refractive indexes combined with relatively low dispersion.



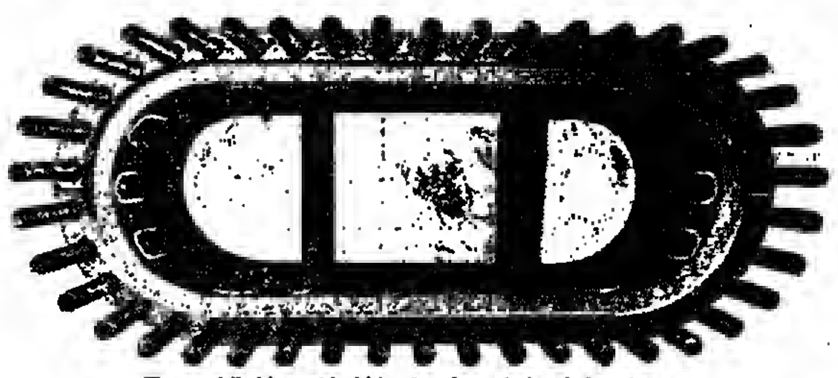
The first interference filter also came from Schott (in 1938). It's the basis for anti-dazzle car mirrors.



Schott is currently developing a porous glass for applications in biotechnology and medicine that has a surface area in 1 gram equivalent to a whole tennis court.



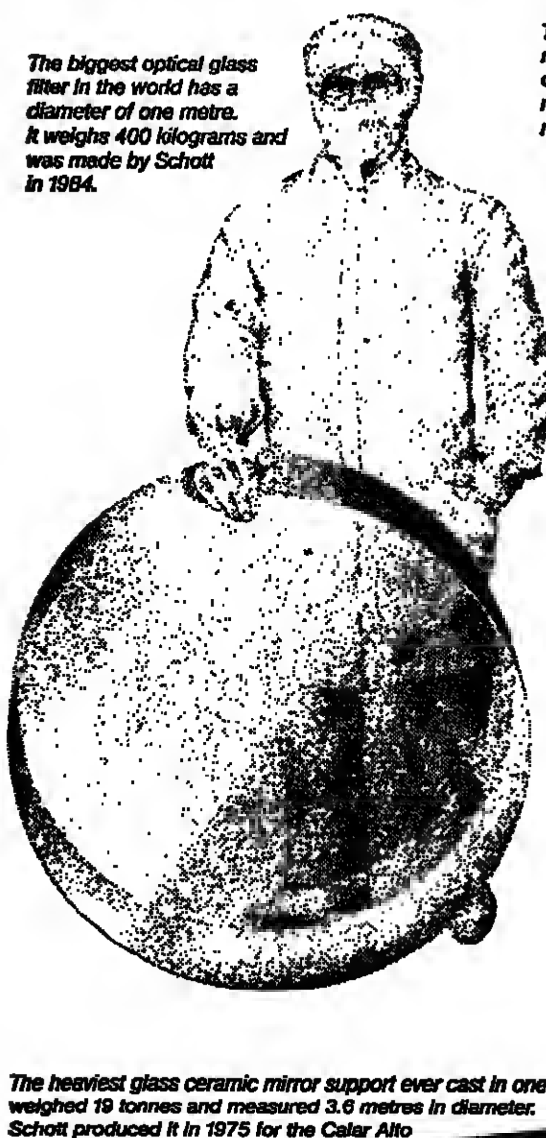
The world's biggest glass pipe for use in chemical plant is one metre in diameter.



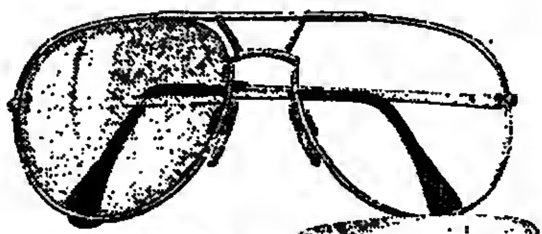
The world's biggest bubble chamber window is installed in the Cern atomic research centre in Switzerland. It is more than 2 metres in diameter and was made by Schott in 1962.

With 1400 different items Schott has the biggest range of laboratory glassware.

The biggest optical glass filter in the world has a diameter of one metre. It weighs 400 kilograms and was made by Schott in 1984.

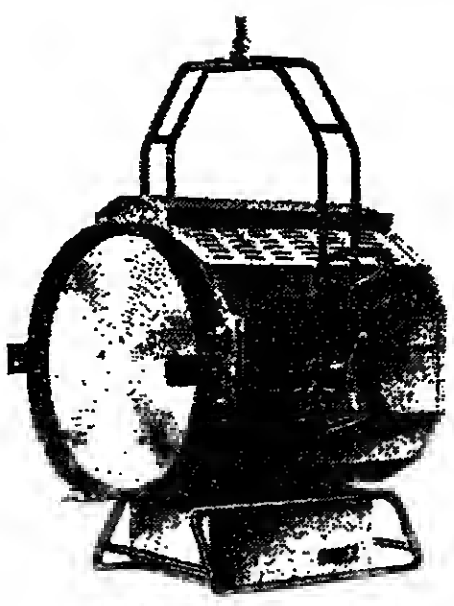


Our "Fiolax" was the first neutral glass for ampoule manufacture. It was patented in 1911.



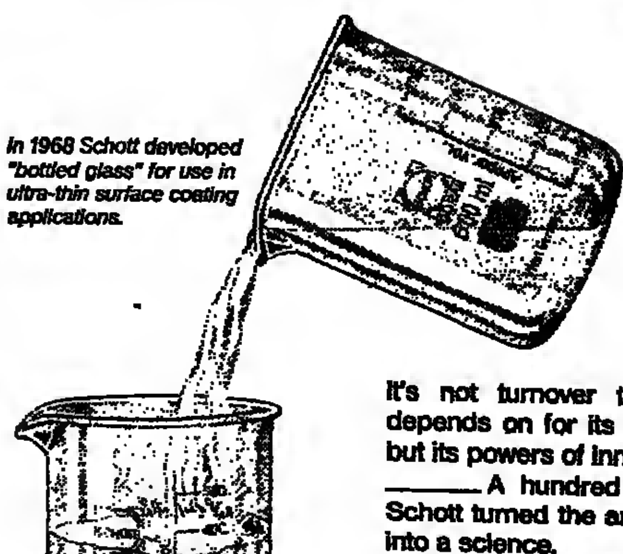
The first spectacle lens glass combining high refractive index and light weight was a Schott 1972 development.

The smallest lenses in the world (only 0.8 mm in diameter) are made from Schott optical glass and used in electronics.

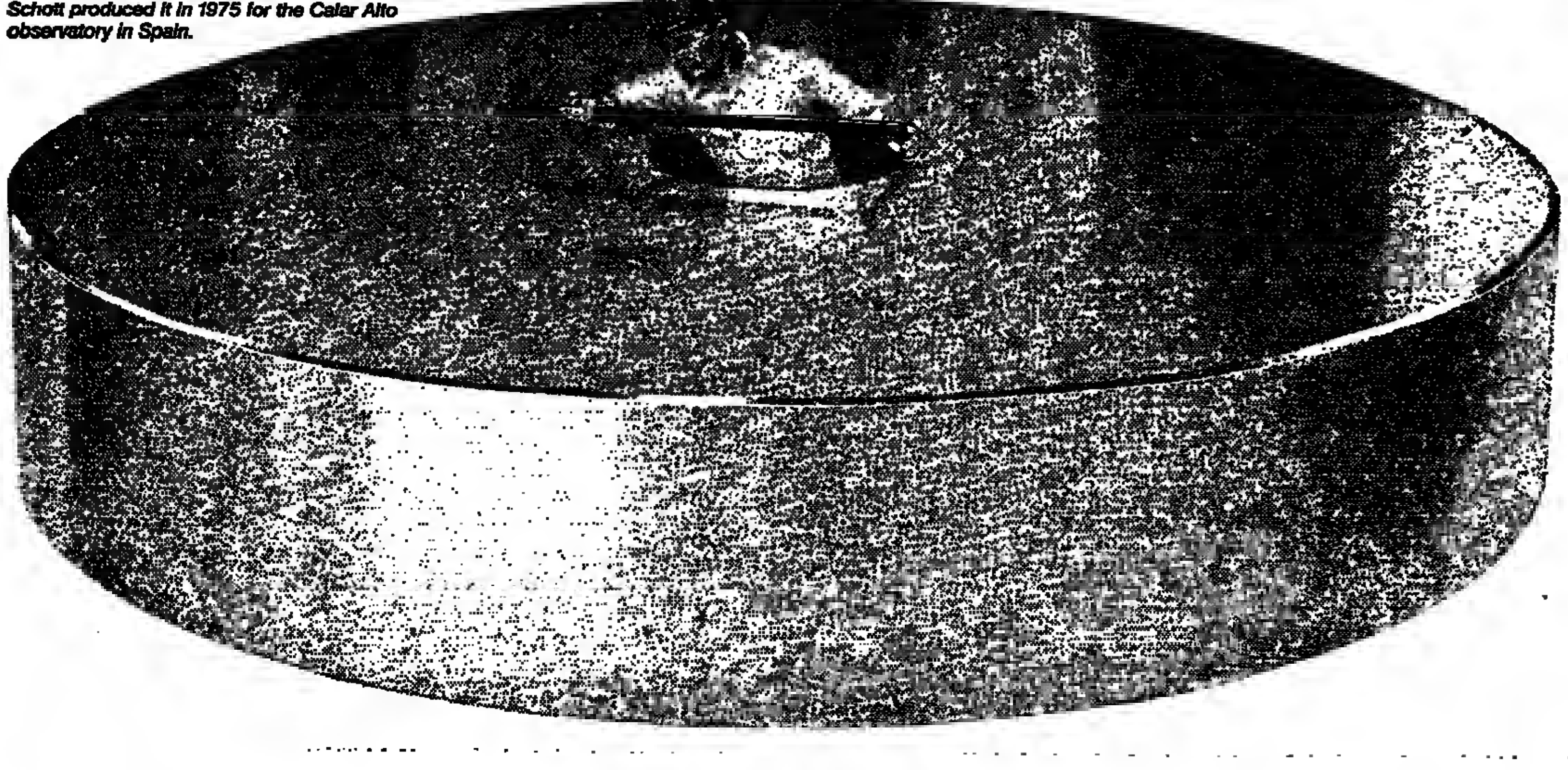


The film industry's biggest light is fitted with a Schott Fresnel lens 70 cm in diameter.

In 1968 Schott developed "bottled glass" for use in ultra-thin surface coating applications.



The heaviest glass ceramic mirror support ever cast in one piece weighed 19 tonnes and measured 3.6 metres in diameter. Schott produced it in 1975 for the Calar Alto observatory in Spain.



The thinnest machine-drawn flat glass is a Schott product. At 0.04 mm it is thinner than a human hair.

It's not turnover that a company depends on for its future prosperity but its powers of innovation.

——— A hundred years ago Otto Schott turned the art of glassmaking into a science.

——— Now Schott takes 150 different raw materials and turns them into 500 different types of glass with the most widely varying properties imaginable. And the products made from them range from fibre light guides thinner than a human hair up to giant chemical plants with glass columns as big as a metre in diameter.

——— There isn't a single one of today's advanced technologies that doesn't use our products: space and marine exploration, nuclear and laser engineering, biotechnology, healthcare and micro-electronics.

——— Here are the facts about the Schott Group in brief: 50,000 different products, 40 production units worldwide, 300 subsidiaries and agents in more than 100 countries, annual turnover more than £500 million.

——— If you'd like to know more about the Schott Group and its products, write to: Schott Glass Ltd, Drummond Road, Stafford ST16 3EL.

SCHOTT SCHOTT

No. 1 in Europe for Special Glass.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
International Craft and Hobby Fair (04252 72711) (until August 19)
Wembley Conference Centre

August 31-September 2
International Jewellery Exhibition (0935 20721)
Barbican Centre

September 1-5
Castings and Forgings Exhibition; Furnaces Exhibition; International Foundry Exhibition; Metallurgical Plant Exhibition; Metalworking International Exhibition (0737 68611). International Metalcutting Machine Tools Exhibition (01-402 6671). Subcontracting Exhibition, including Surface Treatment and Finishing (01-486 1951)
NEC, Birmingham

September 2-4
Coil Winding International Exhibition (0202 743906)
Wembley Conference Centre

September 3-6
Vacancies in systems and information technology — VISIT '86 (01-840 7117)
Hotel Inter-Continental, W1

September 9-12
International Freight Industry Conference and Exhibition — WORLD FREIGHT (01-642 7688)
Barbican Centre

September 12-20
International Boat Show (0703 32348) Southampton

September 14-17
Inter. Menswear — MAB (01-437 8754) Earls Court

September 15-17
Int. Home Video & TV (021 780 4171) NEC, Birmingham

September 17-19
Financial Services Exhibition—CITY (01-493 0000)
Barbican Centre

September 19-23
Int. Broadcasting Convention & Exhibition (01-240 1871)
Met Exbn Hall, Brighton

September 21-23
Int Garden & Leisure Exhibition —GLEE (01-930 2211)
NEC, Birmingham

September 23-25
Semiconductor International Exhibition (01-891 5051)
NEC Birmingham

OVERSEAS TRADE FAIRS

Current
City Planning Exhibition (021-705 6707) (until Aug 23) Xiamen

August 20-23
Office Technology and Computer Exhibition (01-486 1951)
Kuala Lumpur

August 22-31
International Trade Fair (Consumer Goods — INT SKANE-MASSAN (01-486 1951) Malmo

August 26-28
Finnish Fashion Fair (01-486 1951) Helsinki

August 31-September 6
International Autumn Fair (01-240 7013) Leipzig

September 10-14
International Autumn Fair (01-977 4551) Vienna

September 17-24
International Engineering Fair (021-455 9600) Brno

September 23-28
International Road, Rail, Sea and Air Transportation Exhibition (01-968 4567 Guangzhou

September 30-October 4
International Machine Tool Trade Fair—INTERTOOL (01-977 4551)
Vienna

October 6-12
International Wine and Spirits Show (0494 775444) Montreal

October 16-21
International Office Trade Fair—ORGATECHNIK (01-930 7251)
Cologne

October 22-25
International Garment Fabrics Accessories, Technology and Machinery Exhibition (0494 775444) Hong Kong

BUSINESS AND MANAGEMENT CONFERENCES

August 26-28
FT Conference: World aerospace to the end of the century (01-621 1355) Hotel Inter-Continental, W1

August 28-29
The Roebens Institute: Hazards in water—a national seminar to discuss the implications for human health of contaminents of the water cycle
University of Surrey, Guildford

September 4-5
Euromoney Conferences: Eurobonds '86 New opportunities in creative markets (01-236 3288)
Grosvenor House, W1

September 8-10
Institute for Personnel Management: Personnel statistics (01-946 9100) Embassy Hotel, W2
Frost and Sullivan: Introduction to OSI and its support for message handling systems (01-935 4433) Regent Crest Hotel

September 9-10
Times Conference: Countertrade trends — prospects and challenges in the Asia-Pacific region (Singapore 065 2890507)
Singapore

September 11
SFS: Stress (01-736 0134)
The Royal Garden Hotel, W8

September 15-16
GDI International Conference: "Intelligent" buildings (01-724 0020) Zurich

September 15
Copper Development Association: Aluminium bronzes for industry (0707 50711)
Cavendish Conference Centre, W1

September 15-16
FT Conferences: Risk management instruments (01-621 1355) Marriott Hotel, W1

September 16-17
Fuel and Metallurgical Journals: Independent power generation conference and exhibition IN POWER 86 (0737 68611)
Excelsior Hotel, Heathrow

September 18-19
M.S. Conference Studies: Market research for retail property—the current state of the art (01-935 2382) Cafe Royal, W1

September 24-25
Fiber: "Acquisition Monthly" conference on how to buy and sell companies (01-821 5555)
Churchill Hotel, W1

September 24-25
Euromoney two - day seminar: (1) Options — a risky business? (2) Hedging can be fun (01-236 3288)
Grosvenor House Hotel, W1

September 25-26
FT Conference: Pacific Basin oil and gas — prices, investment and the business outlook (01-621 1355)
Hotel Regal Meridien, Kowloon

September 26
BPICS: Modern asset management (0279 56695)

October 24
The Royal Institute of International Affairs: Energy trends and control of energy costs (01-930 2233) Chatham House, SW1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

APPOINTMENTS

UK

Continental Insurance makes two changes

CONTINENTAL INSURANCE has made two changes in its international operations. Mr Peter J. Ilias has been appointed president and executive director of The Continental Insurance Company (Europe), and a regional vice president of Continental's international department. Mr Bruce Hayden has been appointed vice president and manager of Continental's international department, based ip New York. Mr Ilias, who is based in London, serves as chief operations officer for Europe, the Middla East and Africa. Most recently, Mr Ilias was vice president of the international department in New York, a position he held for over two years.

★

Mr Max Browning has joined tho BROWN SHIPLEY GROUP as head of group personnel and administration and has been appointed to the boards of Brown Shipley & Co. and Brown Shipley Insurance Group Management.

★

Mr David A. Richards has been appointed to the board of REDFEARN NATIONAL GLASS as finance director from September 1. He joins from J. H. Fennor (Holdings).

★

The JOHN CROWTHER GROUP has appointed Mr David Cunliffe as executive chairman of the carpet division. Ha was executive chairman of the woven fabrics division of Coats Viyella. Mr Cunliffe will also join the executive hoard of the John Crowthor Group. Mr Ken Mullins will continue as managing director of the carpet division.

★

Mr G. A. Atkinson has been appointed director, plans and programmes, MOBIL OIL COMPANY, UK marketing and refining affiliate of Mobil Oil Corporetion. He succeeds Mr J. T. Flanagan Jnr., who becomea regional operations co-ordinator, Mobil Europe Inc., marketing and refining international, based in New York. Mr Atkinson was manager, planning co-ordination and special products for Mobil Europe Inc.

★

M Don Coles has becomo sales director et THOMAS MEADOWS. Ha was regional director for tho Midlands & Anglien area.

★

Mr Adrian Delaney has been appointed e director of LAMBERT BROTHERS SHIPPING.

★

Mr Graham Barlow and Mr Colin McMath heve joined COMMERCIAL UNION to develop and promote UK and European leasing and financial packaging capabilities. They wore with Hongkong Bank in London, and will be appointed joint chief executives of Commercial Union Capital.

INTERNATIONAL

BHP names oil chief

By Gordon Cramb

BROKEN HILL Proprietary (BHP), the anergy and metals group which is Australia's largest company, has recruited a senior executive from Amoco of the US to head its petroleum division.

Mr Peter Willcox, aged 41, will next month become executive general manager for BHP Petroleum, the company's most profitable division. Mr Willcox is a British-born physicist and e vice president with the Chicago-hased oil major.

His appointment is believed to be BHP'o most senior recruitment yet from outside the company, although in the past two years it has laid stress on US oil and gas expertise as it expanded its energy interests ehroed.

Mr Willcox, hesed in Melbourne, will ba in charge of BHP's domestic exploration and production as well as overseeing US activities including Monsanto Oil, acquired late last year.

He has worked for Amoco in the UK and Middle East, and was previously with the Iraq Petroleum Company. BHP said Mr Willcox's appointment "results from an extensive search both in Australia and overseas."

Mr Willcox replace Mr Russell Fynmore, who eariler this year was moved to the BHP corporate affairs division where, alongside Mr David Adam, he is co-ordineting the group's defence campaign against takeover moves by Mr Robert Holmes à Court.

Xerox lines up top job contenders

BY TERRY DODSWORTH IN NEW YORK

TWO MAIN contonders for the future chairmanship of Xerox, the US photocopier and financial services group, emerged last week when the company promoted two of its high fliers to head each of its key division.

The two men, Mr Peul Allaire and Mr Melvin Howard, will have different titles, but hoth will effectively carry tho sama woight in tho organisetion, Mr Allaire as president with overall responsibility for the reprographics and information systems husiness, and Mr Howard as vice chairman and head of tho Xorox financial services.

Mr David Kearns, Xerox's 56-year-old chairman and chief executive, has made it clear thet he has no intantion as yet of retiring. Bnt he has said that it is normal for the senior manager in the company to givo up tho chief executive alot when he turns 60, implying that tha company is now moving to prepare the succession.

Both executives will be running companies that have hed patchy records in recent years. The reprographics and computer systems division has made a strong comeback in the small copier market and has successfully moved into olectronic typewriters. But the computer systems activities have had difficulty establishing themselves, and in the first half of this year. income from Mr Allaire's future division was down by 42 per cent.

Financial services also hit a rocky patch last year, when Crum & Forster, the group's property and casualty insurance company, was affected by the pricing crisis in the insurance eector. The diversification into the financial sector has been slow to yield results, although in the first half of this year, these businesses accounted for more than half of Xerox's profits, heiped hy the recovery in the insurance industry.

Mr Allaire, who is 48, has been with Xorox for 20 years, and has a background which spans hoth copiers and computer systems. He has also hed internetional experience from working in London for 11 yeers, including a spell as managing director of Rank Xorox, tho group's UK affiliate. He returned to the US three years ago es senior vice president and chief staff officer.

Mr Howard, 51, has been with the group for 16 years in a number of financial posts, becoming president of the financial services division in 1984. He is regarded as one of the main architects of tho gronp's diversification into the financial sector.

★

INTERMEDICS, the Texas-based producer of cardiac pacemakors, has named Mr Richard A. Gilleland chief executive officer and chairman.

Ha replaces Mr M. Russell Chamber who retired after 11 years with tho company.

President of tyre maker

B. F. GOODRICH, tho US tyre manufacturer, has elected Mr Leigh Carter president and chief operating officer.

Mr Carter, who was vice chairman and operating officer, replaced Mr Patrick C. Ross who was elected chairman and chief executivo of Uniroyal Goodrich Tire, the newly-formed tyre manufacturer owned jointly hy Goodrich and Uniroyei.

Bankers' body elects chief

By Dai Hayward in Wellington

MR R. B. (BOB) MCKAY, group chief executive of th eBank of New Zealand has been olected chairman of the New Zealand hankers association. Mr Mckay who joined tho BNZ in 1946 has held a number of senior executivo appointments. He was the hank's first representativo in Japan when BNZ opened there in 1969. From 1974 to 1977 he was reglonol manager UK and Europe hased in London. He became group chief executivo in Juno last yoar.

The new deputy chairman of the Bankers Association is Mr Brian Weeks, managing director of the ANZ hanking group New Zealand. Mr Weeks, who joined ANZ in London in 1955, has held several major posts with the hank.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

The guru factor

The passionate and unrepentant crusader

Christopher Lorenz profiles Tom Peters, who maintains that today's management pundits are interpreters rather than original thinkers

TOM PETERS is utterly unrepentant about *In Search of Excellence*, the book which made him into a millionaire three years ago, at the age of 40. Always frank and forthright, he declares that "there's absolutely nothing new whatsoever between its covers. It was a translation of ideas and material that had been around for up to 50 years. All it added was brilliant timing and packaging."

Much the same, maintains Peters, applies to the other top-selling business books of the past few years, including John Naisbitt's *Megatrends* and Kenneth Blanchard's *One Minute Manager*. Like *Excellence* and its sequel, the aptly titled *Passion for Excellence* (Peters is nothing if not passionate), they all "took ideas whose time is ripe," as he puts it.

In other words, today's millionaire management gurus are interpreters rather than original thinkers.

"But don't denigrate what we're doing—it's very thoughtful," emphasises Peters. It's the first time since Peter Drucker's heyday 30 years ago that there's been such a crying need among executives for radical rethinking about how to run a company."

Shifted the face of theory

By simplifying past principles, adjusting them, adding current case studies, and giving guidance on how the principles should be applied, "what we've all done is shift the face of theory from which management is interpreted," Peters argues. "People do far better by paying attention to what we say rather than to Taylorism ("scientific management" at its most extreme), or to the other mechanical models which used to dominate management thought."

The traditional notion of management as an ultra-rational process achieved what Peters calls "its ultimate orgasm" in the late 1960s and 1970s, when it spawned portfolio analysis and other pseudo-scientific managment techniques. They were taken far too literally by many companies, with the result, as he says, that they were often "downright disastrous in their application."

As his series of articles has suggested, some of the ideas which are implicit in the "new" view of management as a more human and emotional activity reach right back to Plato and Aristotle, while others stem from more recent writers, such as Chester Barnard, whose seminal writings on human relations were done in the late 1930s. Another key influence is Douglas McGregor who, in the 1960s, coined the "Theory X and Theory Y" explanations of human behaviour.

In addition to Barnard and McGregor, Peters' own influences include Robert Waterman, the ex-McKinsey specialist in organisational behaviour with whom he wrote *Excellence*, as well as Fritz Schumacher (*Small is Beautiful*) and James Brian Quinn. The latter, whom Peters calls "a great hero," is a guru's guru rather than a popular figure in his own right. This is partly because of his tendency to choose obscure titles for his publications, such as *Logical Incrementalism*.

A professor at Dartmouth College in New Hampshire, Quinn was one of the academics cited most frequently in *Excellence*. His researches into leadership, and what *Excellence* called "the real, sloppy process of finding and achieving over-arching strategic values and objectives," have been extremely influential on Peters and *his* various co-authors (*Passion* was written with Nancy Austin, after Peters and the much more retiring Waterman had gone their separate ways).

Peters also pays tribute to Herbert Simon's Nobel prize-winning work on decision-making and human and artificial intelligence. And he says he owes "an infinite debt" to Alfred Chandler, the Harvard professor who not only put business history on the academic map, but whose work on corporate strategy and structure in the 1960s broke through the business schools' previous obsession with *internal corporate* controls.

As Peter points out, however, Chandler's work also encouraged the development of rigid attitudes to corporate strategy, the excessively literal use of portfolio analysis, and what Peters calls "a view of organisations as malleable black boxes that can be shifted at will." The role of people, shared values, and all the other "attributes of excellence" that Peters and Waterman have made famous were seriously underplayed. Hence Peters' comment that his attitude to Chandler "is somewhat schizoid."

Peters' frank admission that the modern business guru is, above all else, an adaptor of other people's ideas, does not do full justice to the creative contribution that he, Waterman, Blanchard and some of the others—especially Drucker—have made.

For one thing, really original ideas tend to be conceived by dry academic minds who fail to realise their full implications, and are totally inept at explaining them to a lay audience. It takes several phases of filtering and interpretation for the ideas to gather practical force. In the case of *One Minute Manager*, for example, Peters estimates that there were five or six layers of refinement and simplification between Blanchard and the psychologists and anthropologists by whom he was indirectly influenced.

More positively, Peters tends to underrate his own intellectual contribution, and that of some of the other gurus. Just as Blanchard was (and still is, for part of the time), a serious professor of organisational behaviour, so Peters spent eight long years as a senior consultant with McKinsey & Co, where a first-class brain is a precondition of *survival*.

Peters' popular success since 1982 also masks an ability to grapple with ultra-academic intellectuals on their own terms; hidden away in this newspaper's files is a 1979 article by him in the journal of *Organisational Dynamics* which goes by the obscure title of "Symbols, Patterns and Settings: an optimistic case for getting things done." Both its title and its content suggest that Peters can evidently argue on equal terms with the best of the academic obscurantists.

To the suggestion that he might have to resume this sort of academic guise (or retire to enjoy his fortune) if, as many sceptics predict, the business book boom proves short-lived. Peters counters that "the boom has hardly started." He chides greedy publishers for expecting every other business book to sell millions of copies, as *Excellence* did. The odds of there being many more million-sellers is not very high, he *warns*. "But the real boom is in the number of good books which are now pouring off the presses." He predicts that there will be many more works like Buck Rogers' *The IBM Way*, with sales far short of a million but topping 100,000 — a level which was unthinkable just six years ago. Not everyone would agree with Peters' assessment of the quality of such books, but he is confident that the flow will continue.

Nor, despite all the video tapes, computer programs, "Skunk Camps" and other *training sessions* which make more than a million dollars a year for his companies, does Peters see his own evangelism as having remotely completed its task. "We are only one-eighth of 1 per cent of the way towards implementing the things I'm worried about," he declares.

Those worries extend not only to all the "micro" managerial factors which form the agenda of his two books, but also to a wide range of broader issues — such as the not inconsequential fear that many of today's Fortune 500 companies may fail to change themselves fast enough to stay competitive into the next century.

As befits the co-author of the now-famous catchphrase "stick to the knitting," he is highly critical of the current craze for mega-mergers. GE's acquisition of RCA "is a sad state of affairs for both companies," he maintains, and GE's takeover of *Kidder Peabody* is "pretty useless." Mergers such as Saatchi-Ted Bates and Burroughs-Sperry "result in a net decrease in economic efficiency, not an increase," he insists.

He has changed his attitude to corporate raiders. "I used to be disgusted by them." He still is, really. "It's just that I don't know any other way to wake up the managements of the Fortune 500 than to scare them to death. And the raiders surely do that."

In his strident, sometimes raucous, speaking style, which would resemble that of a revivalist preacher were it not for his frequent swearing, Peters continues to spread the word on all these issues at the relentless round of seminars and other speaking engagements that he undertakes across the US and abroad. Whether it be a European training session on entrepreneurial management, or the keynote address to the annual policy congress of Democratic members of the US House of Representatives, he seldom fails to mention the two subjects which really keep him awake at night — US competitiveness and his fear of a trade war. A violent anti-protectionist, he is scathingly critical of the antics of the self-interest lobbies that have Washington under siege.

At the Democrats' 1986 congress he argued persuasively that the answer to America's competitive problems was to *turn up the heat of competition*, not to turn it down. International competitors should be encouraged, so long as they provide better goods.

Protectionism aids only the oldest and the weakest, according to Peters. Those who are given it fail to take advantage of it, and unintended consequences such as higher costs are invariably worse than the disease which protectionism is intended to cure. When retaliation occurs, as it inevitably does, it is always aimed specifically at the strongest. As he put it to the Democrats: "Do we really want to save the remnants of US Steel, which has missed every technological turn in the past 40 years, at the expense of exporters such as IBM?"

Far cry from a decade ago

Urging all Democrats to fight protectionism, Peters concluded his oration in rousing style by extolling the theme of World Peace through World Trade, and calling for a national holiday called World Trade Day. "Let's cheer, let's dance in the streets, let's have parades to honour the fact that we don't have a 55 per cent share of the world's gross national product any more."

Such is the language of Tom Peters' passion, whether it is directed at serving the customer, stimulating the employee, or saving the nation. It is a far cry from his measured tone of a decade ago, when his time was devoted to such subjects as reinforcement theory and psychological signal transmitters.

Peters' *success* has transformed him from a dry, backroom analyst into a committed crusader who shouts more loudly from the rooftops than any of today's top pundits. But unlike some of his fellow-gurus, who suffer from delusions of intellectual grandeur, he makes apologies to no one for his role as one of the best-paid interpreters in history.

Previous articles in this series appeared on June 30, July 2, 7, 14, 21 and 28 and August 4. The remaining articles will appear on alternate Mondays.

Management abstracts

Megamarketing. P. Kotler in Harvard Business Review (US March/April 1986 (7½ pages)

Defines megamarketing as a means of entering markets with high entry barriers. The normal components of marketing strategy, product, price, place, and promotion are supplemented by power and public relations, in order to supply benefits to, and win over, parties other than the target consumers, such as governments, trade unions, and other interest groups. Describes marketing situations that call for megamarketing strategies: gives examples of the difficulties Freshtaste (milk sterilising equipment) met in attempting to enter the Japanese market, and how Japanese consumer electronics companies have overcome Indian resistance to market entry. Discusses how companies can organise for megamarketing and how marketeers must use power.

Your own brand of advertising. H. L. Kahn in Harvard Business Review (US), Jan/Feb '86 (3 pages).

Argues that many heads of small businesses hesitate at the thought of drafting their own advertising (not least because they would rather leave an inexact science to the experts); claims that, in fact, the managers themselves are the ones with the technical expertise to explain complex products to the public.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Using Robotics to Reduce Labour Costs in Electronic Assembly. J. Storjohann in Industrial Engineering (USA), Feb 86 (4 pages)

Contends that locating manufacturing plants in the "Pacific Rim" to take advantage of inexpensive labour can lead to excessive inventory costs, increased cycle time, and delayed reaction times to design change and market demand. Argues that labour costs can be reduced by the use of robotics to supplement existing automatic equipment in electronic assembly industries; discusses the application of robots to specific assembly areas including insertion of non-standard components, and describes a robot assembly cell.

Maurice Samuelson profiles the successor to Sir Ian MacGregor

A hard act to follow at British Coal

AS THEY change the guard at Buckingham Palace on September 1, there will be similar goings-on at Hobart House, British Coal's gloomy headquarters overlooking the Queen's back garden in nearby Grosvenor Place.

A new occupant will move into Room 379, where the recently knighted Sir Ian MacGregor presided over one of the stormiest chapters in Britain's industrial history.

Sir Robert Haslam, at 63, is 10 years Sir Ian's junior. Since being marked out as the Coal Board's next chairman 11 months ago, he has sat quietly in its wings.

Sensitive to Sir Ian's desire to make the most of his last year as chairman, Sir Robert has scrupulously shunned the Press.

Instead, he began by winding up his affairs at British Steel and at Tate and Lyle, at both of which he served simultaneously as non-executive chairman.

Sir Robert Haslam (left), who will succeed Sir Ian MacGregor as British Coal chairman

He then turned to rediscovering his roots in the coal industry in which he spent two years as a young man just after the war. In his visits to pits throughout the country, he has patiently had his ears bent by men and managers and must be fully aware of the mood at all levels of the industry.

When Room 379 is his, he will face the dual problem of dispelling the bitter legacy of the industry's longest conflict, while further extending the dramatic improvements in efficiency achieved since the board's epic victory: record productivity and the lowest operating costs for seven years.

The second part of the challenge will be as awesome as the first, thanks to the collapse of the oil price in the past 12 months from some $28 a barrel to the latest fragile level of around $14. The oil price collapse is grimly reminiscent of the changes in the energy market between 1955 and 1975 which all but obliterated the British coal industry. In those two decades, UK pits were closing at the rate of one every 12 days, and the total dropped from 850 to under 250 (compared with the 130 today).

An admiral — rather than a mere captain — of industry, the biggest slice of Sir Robert's career was at Imperial Chemical Industries. As one of its three deputy chairmen, he also served as ICI's personnel director during a period of painful, but relatively peaceful, rationalisation.

It is this experience which will count most in the initial phase of his chairmanship in which, like Sir Ian, he will play a full executive role. While continually reminding it of the facts of commercial life, he will have to convince the workforce that he is both determined and fair.

To do so he will have to lead from the front on industrial relations and so establish a good rapport with the workforce. A symptom of the strike's bitter aftermath is the succession of legal cases in which British Coal has been caught, arising out of the rivalry between the NUM and the Union of Democratic Mineworkers, whose establishment in the anti-Scargill coalfields was encouraged by Sir Ian.

The board's refusal—particularly in Scotland—to reinstate some of the men sacked because of violence against "scabs" is another bone of contention. On both issues, Sir Robert will be under pressure to make peace gestures. With only limited room for manoeuvre, though, he will have to beware of raising excessive expectations.

On the administrative level, the contrast between his style and Sir Ian MacGregor's is as pronounced as that between his soft, Lancastrian accent and his Scots-born predecessor's mid-Atlantic twang.

While Sir Ian preferred to deal with fellow executives on a bilateral basis, Sir Robert has always adopted a more presidential stance, looking for the widest possible measure of consultation among managers.

The MacGregor style was embodied in an Office of the Chief Executive, which he set up on arrival at Hobart House. Its sole other occupant was the then deputy chairman, Mr James Cowan, not the most popular man in the industry. Sir Ian came to rely very heavily on Mr Cowan as a "fixer," earning them the soubriquet of "Jock and Snowy."

When the outcome of the strike was still far from clear, the chief executive's office seemed like an embattled War Cabinet, from which other top managers felt excluded and threatened. Their doubts about the two-man executive office were compounded by what many saw as a series of major industrial relations and propaganda gaffes at the height of the strike.

Few have forgotten what were widely seen as a series of major mid-strike blunders by Sir Ian and Mr Cowan, culminating in the departure of Mr Ned Smith and the late Mr Geoffrey Kirk, the respective directors of industrial and public relations, and of Mr Michael Eaton, the former North Yorkshire area director who was briefly the industry's public mouthpiece.

Some of these internal controversies will soon be revived with the publication of Sir Ian's book about his years at the Coal Board and other key British industries. His successor, who has already become popular among top Coal Board officials, could win further confidence by scrapping the executive office system.

Another controversial MacGregor innovation was the Monday meetings of senior full-time executives at Eastwood Hall, in Nottinghamshire. Because of the amount of time they spend travelling there, some of the participants complain of having to work a four-day week. They are now waiting to see if Sir Robert shares Sir Ian's tireless appetite for commuting.

Sir Robert's most immediate headache, though, is the rapid deterioration in British Coal's competitiveness against other fuels, in spite of its great improvement in productivity.

Even before Sir Ian's departure from Hobart House the industry had accepted that it could not start to break even before 1989, and would thus have to put off its deadline for doing so by at least 18 months. This defers even further into the future its prospect of meeting the Treasury requirement that it should make a "reasonable profit" on assets.

The recent, perhaps fragile recovery in oil prices will not enable British Coal to reverse the £400m a year price reductions conceded earlier in the summer to the electricity industry and other bulk coal consumers.

This leaves him with no alternative to doling out more of the MacGregor medicine in even bigger dollops than would have been prescribed if oil prices had stayed firm.

The industry will quickly have to adopt even tougher cost parameters than those set barely a year ago, when pits were told they could risk closure if they failed to keep their long-term production costs below £1.65p per gigajoule (coal's metric unit of heat).

Although this yardstick will now have to be revised, it need not herald closures on the scale of those of the past two years. But more closures there will be, judging by the increasingly ominous warnings of managers in Scotland, Kent and other traditionally loss-making areas. There will also be a further run-down of job levels at "safe" pits, as they strive for higher productivity by installing heavy-duty face equipment which can cut more coal with a slimmer workforce.

Although fewer in number, these job losses could become more difficult to win after next March when the Government is due to terminate the tempting redundancy payments which were used to sweeten the MacGregor medicine. Short of the Government having a last-minute change of mind, the board will have to finance future redundancies out of its own funds, perhaps at the expense of its heavy investment programme, now running at more than £600m a year.

In such circumstances, the new coal chief would perhaps do well to study the almost forgotten achievements of Sir Norman Siddall, who ran the industry for two brief years between the departure of Lord Ezra and the arrival of Sir Ian MacGregor.

Sir Norman, a Coal Board veteran, deftly and quietly pushed through 20 colliery closures and some 21,000 redundancies, while keeping peace in the industry. When the incoming Ian MacGregor sought just one more round of cuts on that scale to start stemming its losses, the result was a year-long strike.

Sir Norman and Sir Robert have much in common — soft-spoken men with the common touch, firm and subtle without being abrasive and confrontational.

By giving the miners this brand of leadership Sir Robert may heal some of the wounds inflicted in the past three years, without sacrificing the remarkable achievements of the MacGregor years.

The battles yet to come

COUNT DOWN DAYS TO BIG BANG 70

By Barry Riley

"WHO WILL stand up for pre-emptive rights?" I asked rhetorically in a Lombard article last December discussing the pressures on major stock exchanges around the world to lower their standards. The answer, it is now apparent from recent development at the London Stock Exchange, is that it will have to be institutional investors or it will be nobody.

Investment managers are *now beginning* to *realise* the consequences of Big Bang. Originally, of course, the idea was that deregulation of commissions would bring a straightforward benefit to the institutions because dealing costs would fall with the ending of the Stock Exchange's price cartel. What the institutions *did not clearly foresee*, however, was that far more was at stake than the cost of transacting bargains.

Portfolio managers have been used to having it very easy. Or to put it more positively, they have been used to being very productive: it is not unusual for three or four professionals to run a £1bn pension fund. This is possible because so much of the work has been delegated to securities firms.

Under the fixed commissions umbrella, brokers have taken the responsibility for dealing, for providing research, for supplying regular market chit-chat, even for installing hardware such as DataStream screens, and for sending along cases of champagne to fund managers' office parties.

But after October 27 the party will be over. Fund managers are now faced with the decision of whether they should hire their own dealers to seek the best prices. There will be the added burden of negotiating commissions and the detailed levels of provision of research and other services. A few are enthusiastic about this expansion of their responsibilities; most hate it.

More interestingly, the Stock Exchange is taking the stance that deregulation applies not just to commissions, but to other areas—new issues, for example. Until now, for example, it has been willing to enforce the protection of shareholders' rights of pre-emption, but it is now firmly pointing out that shareholders have rights under company law and future enforcement is up to them.

Institutional representatives have argued that it is wrong of the Stock Exchange unilaterally to *dismantle an agreed* structure of protection, and that it would be time-consuming and embarrassing for shareholders to have to stand up to powerful *company directors and restrict* their actions. Such arguments only go to show how slowly the institutions are realising that the game has changed.

One helpful way of looking at the structural shifts taking place in the London domestic securities market-place is to consider the changing balance between the primary—or new issue—market and the secondary market in existing securities. For, in gaining more control over the cost of secondary trading in London, the investment institutions are likely to have to cede domination of the new issue market to the securities firms.

Current squeals over Lazards' proposals to cut the rate of sub-underwriting commission on the forthcoming TSB flotation by *half* from normal rates give a pre-Big Bang indication of the nature of the battles yet to come.

Alongside the secondary market fixed commissions scale, a similar fixed scale of sub-underwriting commissions has operated for many years in the primary market. Academic studies have proved that these underwriting commission rates are much higher—by a factor of at least two—than could be justified by the actual risk of financial loss arising from a failed issue.

In essence, underwriting has been gravy to be banded out by merchant banks and by stockbrokers active in corporate finance. Pension fund clients of merchant banks have received a more than fair share of this income, and brokers have used it as a bait to secure a healthy flow of secondary market agency business.

Institutions have never complained about this system. They have certainly not been known to bid for underwriting at cut rates, which might be a normal reaction for bodies dedicated to the principle of competition in the securities market.

Rights issues have been the most glaring area for misuse of the sub-underwriting mechanism because in most cases a deeply discounted issue would be possible which would not need *underwriting* at all. The Prudential, nowadays one of the more aggressive of the investment institutions in terms of its relationship with the *stock* market, caused a fuss by choosing the deep discount route for its own rights issue earlier this year. But, generally speaking, deeply discounted issues have been few and far between.

Fund managers have seemingly been happy to go along with the underwriting cartel. This raises the—no doubt unfair—question of whether the institutions are concerned *just* about pre-emptive rights, or whether in fact the loss of sub-underwriting income is an important, but unstressed, factor.

Such questions are likely to become rapidly irrelevant, however, as the consequences of London's shift to New York-style securities trading methods become clear. Under the existing London system, securities firms make their money out of secondary trading and actually hand back some of the benefits of new issues to the funds. But the new system will severely trim the profits available from the secondary market, and the *securities houses* will seek to make up the difference elsewhere. The primary market is an obvious place for them to look.

The row over new issues is just one symptom of the pressures developing within the market. Competition may not just be the key to juicy commission savings; it may also open Pandora's Box.

In the past the cartelisation of the stock market has limited the benefits of competitiveness among London broking firms and has cushioned the weak. The New York precedent is that competition will polarise the market and lead to the *creation* of large, aggressive firms with the pressing priority to earn returns on their huge capital resources.

The message for London's *institutional* investors as they await Big Bang and bemoan the slipping of standards is simple enough. They are on their own now.

Architecture

Working in a steel-framed goldfish bowl

"I won't pretend that coming into work on a Monday morning was ever much of a pleasure. But since moving to the new Lloyds, the expression "back to the salt mines" has acquired a whole new meaning. As a Lloyds underwriter for 26 years and a member for the last 13, all of them in the good old building across the road, all I can say is that we have replaced new lamps for old—and done a deal no better than Aladdin.

"For instance, still on the subject of lamps. It's so dark in here there is a Stygian gloom about the place. The ceilings are too low, and looking up you have the choice of bare concrete or black metal. The carpets are also dark, creating a gloomy atmosphere in between, which makes the place feel even more cramped than it actually is.

"You say it's sunny outside? I don't even know that I'm pleased to hear it. In here, you see, it is impossible to tell. We heard a lot during the planning stage about special glass (I hate to think how much it cost—and why did it have to be imported from Germany?) which would produce wonderful prismatic effects when the sun shone on it. I'm still waiting to see that effect. The window I'm near reminds me of the bathroom window at home, only it's greyer.

A great deal has been said about the air-conditioning. I can accept that there must be teething problems associated with a new building, but the point is that in 26 years in the old one, I can't remember a single such failure. It was the best in London: it actually attracted business in the hot weather as brokers used to come into the cold. It was always the same temperature—and there was always cool drinking water on tap. Here the water is tepid and has a drainy kind of smell. We spend a fortune on crates of Perrier.

About the air-conditioning. When it does work, it blows up from the floors. Now, I know Lloyds is a very conservative organisation, but we have a lot of women here nowadays, both working and visiting on business. Judging by how a cold draught feels blowing up one's trouser legs, I hate to think what the ladies must think of it.

The other source of cooling is a panel on the underwriting "box" itself. This is fine, until the first broker arrives and puts his papers right on top of it. This happens every time. Now I don't know whether the air-conditioning will work when the next heatwave comes along, but I suspect that even if it improves, we will still see people taking their jackets off. This never happened in all my 26 years in the old building. No, I don't and won't.

So far we've discussed comfort. Now let's talk about efficiency. See the escalators? They're as busy as the first day at Harrods sale. And this is the

An underwriter lists some of the problems of daily life in the new Lloyds building—and explains why he preferred the old one

quiet season, and a quiet part of the day. There are queues most of the time, even when they're not out of order. In the old building we operated on two levels connected by stairs and lifts—which also never failed. The problem is not just that it now takes me 15 minutes to get to the Members' lavatories and back to my box. I have "solved" that one by using those awful Italian "toilet pods" instead.

"But it actually takes longer to carry out insurance transactions too. When the brokers start complaining about how slow the building is for doing business, Lloyds should start getting worried. The marine underwriters, Lloyds' mainstay, are now seriously worried about losing business to another specialist firm who have recently moved into a very nicely refurbished building only a hundred yards or so away. Most of the brokers—and most of the other visitors as well—absolutely loathe the building. They sometimes bump into Richard Rogers taking parties of fawning admirers round the buildings and make a point of telling him so to his face. Not that it's cooled his ardour.

Another lot of people who loathe the building are the commissionaires. They still wear their red coats and toppers and are proud of the Lloyds tradition. But passers-by keep keep asking them why they're not wearing space suits instead.

"We're not out of place," they keep saying. "The building is!" And, of course, they are quite right. Mind you, they have their fun, especially when it rains. The main entrance is a real rain trap, and people do the funniest things with their brollies to avoid getting drenched. The main canopy has sloping wings with gutters—but no downpipes. The paving on the lower piazza under the main stairs had to be dug up and replaced because the water was pouring right into the basement. Then they discovered the grouting was the wrong colour and had to dig it out again. And today one of the stairways is closed because the fixing bolts were falling out of the risers. Only one of the three lift bays is in operation and one of the lifts is taking Richard Rogers and a party of architects and journalists up and down.

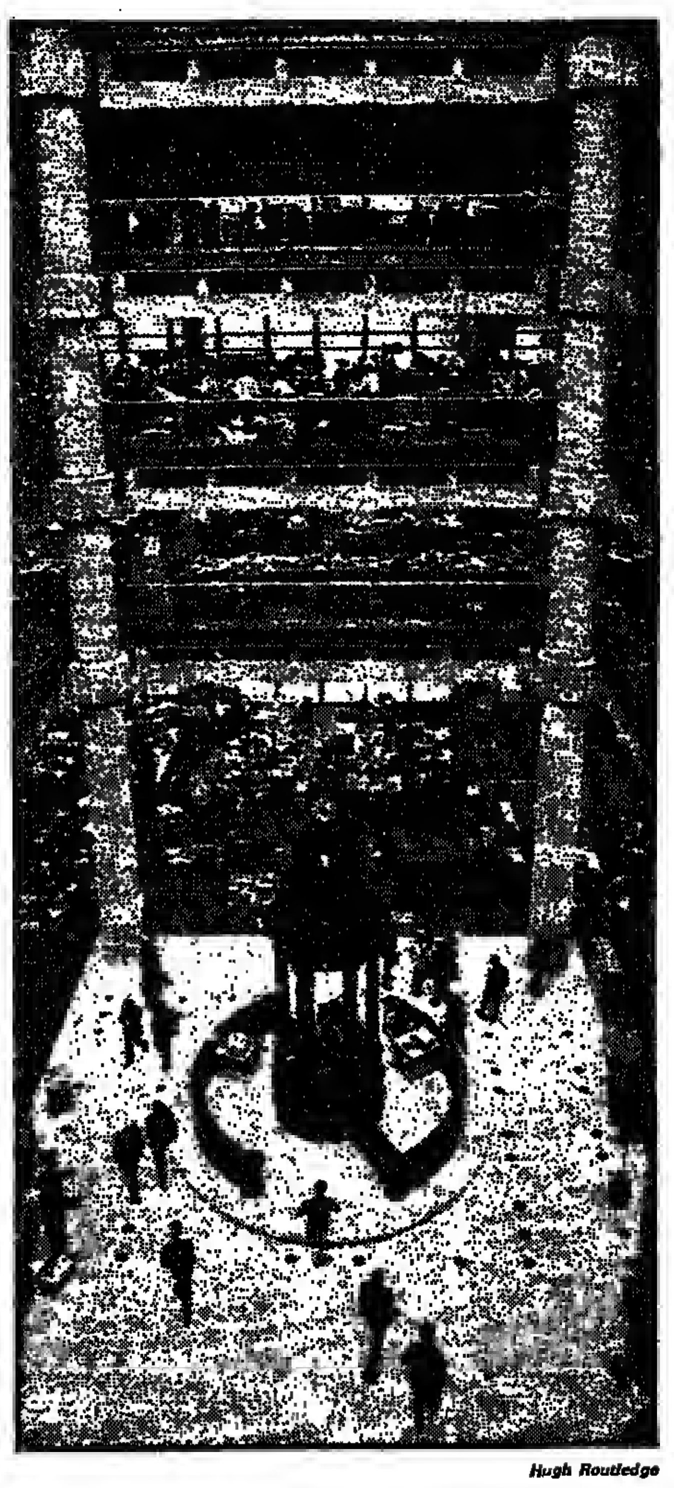
"The glass lifts are very dirty to look at, especially the roofs which are covered in bird droppings. At ground floor level much of the building already looks remarkably tatty, and the rest of it seems rather passé, if you know what I mean.

What is particularly sad is that the members were consulted. We were shown plans, and the rather pretty wooden model which looked warm and golden. There was a secret ballot, and 800 members voted in favour. I was one of the 200 who didn't fall for it even then. But it's funny how nowadays you will no more find one of those 800 than you would have found a Liberal voter in the 1960s. They all deny it.

What is more, the anti-feelings are hardening. This is not unrelated to the rumours going around that the final bill will be closer to £300m than the figures quoted so far. The feeling is that we have, at enormous expense, gone from a good building to a mediocre one and that there is nothing here to be proud of.

It's a depressing thought to have to live with for the rest of my career, but I'm sorry. It's just NOT Lloyds.

A Lloyds member was talking to Mira Bar-Hillel



Hugh Routledge

Three small exhibitions in Italy

Every years—or, perhaps I should say, every summer—Italy presents several mammoth exhibitions, even groups of related exhibitions, with thick and expensive catalogues, ancillary events like conferences and debates, huge press coverage. This year, besides the recurring Biennale, the Futurist show in Venice and the Donatello shows in Florence are drawing crowds and inspiring articles. But along with these block-buster events, there are always smaller-scale shows of considerable charm and interest, which too often escape the attention of the press, save for the local papers. I have seen three in the past few weeks that, for different reasons, I found fascinating and worthy of wider attention.

Ever since I can remember, the Capitoline Museum in Rome has been dusty, the exhibits badly displayed and ill-labelled. It was where you took tourist friends on the last day, after the Vatican and the Terme and the Galleria Borghese.

Now it is working out a new installation. As an earnest indication of its intentions, the Museum now houses a show entitled *Le tranquille dimore degli dei* (The serene dwellings of the gods), a quotation from Lucretius; here aptly made to refer to the grand villas—eventually inhabited by the emperors themselves—on the Esquiline hill. The show is based particularly on the *Horti Lamiani*, excavated, like most of the Esquiline, in the 1870s.

No piece in the show is new; the novelty lies in the installation. For the first time, the visitor can see, juxtaposed, the archeologists' findings: statues and jewellery and other objects, formerly divided among several museums (and, in many cases, not on display at all). For the occasion, the statues have been brilliantly restored. The show, thus, is a lesson in museumology, as well as an attractive glimpse of Roman sumptuousness. The catalogue, exemplary, will be a useful work of reference.

*

In Naples, the Archeological Museum is also in the process of reordering its collection (all the findings from the Villa dei Papiri at Herculaneum for instance, are now gathered in one place). But the Naples Soprintendenza, responsible for the city's artistic and historical possessions, has sponsored a small show at once impressive and terribly disheartening.

In the great church of San Paolo Maggiore, still being restored after the earthquake damage of 1980, a series of photographs and architectural drawings, as well as art objects and other items, make up *Napoli sacra*, a depiction of the problems of the many churches along the street that was the Decumanus major of the ancient city. It is hard to believe Naples, once possessed such concentrated, inestimable wealth of architecture and art; but as you walk along today's Via Tribunali, it all too easy to believe—on the evidence of your own observation—the neglect and delapidation of that patrimony.

Only a hopeless idealist could think that the series of grand or intimate churches and chapels could somehow be restored to their former splendour; but it is not unrealistic to believe that the degradation can be arrested and, at least in some cases, the buildings restored to life and functionality. The Naples show, nobly sponsored also by the Banco di Napoli, suggests what can be done.

At first sight, *Il Guardaroba di donna Franca Florio* (The wardrobe of Donna Franca Florio), the show at the Galleria del Costume in the Pitti Palace in Florence, could seem frivolous, compared to the magnificent vestiges of ancient Rome or the crumbling grandeur of baroque Naples; but Donna Franca — and her elegant dresses by Worth and Fortuny and others — also belonged to a grand and vanished civilisation. In turn-of-the-century Palermo, the rich Florio family, headed by Donna Franca's husband Ignazio, lived on an almost Augustan scale, difficult to visualise now, especially in the Mafia-ridden, murderous Sicilian capital of today.

Their Palermo houses, designed — furniture included —by the brilliant architect Ernesto Basile, established a local style, a taste that extended to other areas of art. The current show of Donna Franca's wardrobe, which comprises what the Italians call "intimate tinen," offers a kind of sidelong glance at that vanished age, now as legendary as the Sicily of *The Leopard*.

The exhibition is not always open (because of lack of guards, another widespread Italian affliction); but when it can be seen, it also affords an occasion to enjoy the recent and admirably installed Galleria del Costume itself, in the delightful Meridiana wing of the Pitti (entrance through the Boboli Gardens).

William Weaver

Corporate appeal for Scottish Galleries

The Patrons of the National Galleries of Scotland, a company with charitable status formed last year with the Duke of Edinburgh as President, has launched a corporate appeal for additional finance.

Corporate Patrons' membership is £500 per annum and already include the Weir Group, W. and J. Burness, W. S., RTZ, Stoddard Carpets and the South of Scotland Electricity Board.

Founder Patrons, who have contributed a minimum of £25,000 each, include Shell Oil UK, Britoil, British Petroleum, the Bank of Scotland and the Royal Bank of Scotland.

Romeo and Juliet/Lyric Studio, Hammersmith

Martin Hoyle

Kenneth Branagh is one of the most intelligent, sensitive and—rare combination—robust of our young actors. He has already been a memorable Henry V at Stratford, played when be was in his early twenties. He is certainly a classical actor in the great tradition but not, I suspect heir to Gielgud or Olivier (not that any direct heirs have appeared among Mr Branagh's generation). He has a four-square, no-nonsense decency about him, a very English mock-serious, throw-away humour and, as his Judd in *Another Country* showed, an almost avuncular kindness. If comparisons must be made, Branagh is in the Richardson mould.

He now bravely finances, directs and acts in *Romeo and Juliet*. Personally, one feels he would make a memorable Mercutio; but in Hammersmith's Lyric Studio it is as a suitably young Romeo that he keeps his labour of love afloat.

This is a brisk, young and naturally-spoken production. Branagh's wails of grief and rage in the "banished!" speech find him flat on the floor, bellowing bitter sobs like a child cheated of a promised treat. In general the production is muted and conversational, as befits the intimate auditorium. This works well with a Romeo whose quick, casual delivery never trips up, and who knows when to give the lyricism its due; less well with the rest of the cast who reach a decent end-of-term drama school level and sometimes slip below it.

Kate Burnett's set consists of the familiar scaffolding, a flight of steps on each side and a gap in the middle of the upper walkway. It looks promising, but is hardly exploited—except when a desperate Romeo seizes the Apothecary and physically forces him to hand over the poison halfway up the stairs. For a moment one hopes for Fairbankian leaps and bounds.

In fact, when Mr Branagh is off stage the temperature drops. In her Jane Wyman hairdo and fifties dress, Samantha Bond's Juliet provides an odd contrast with the men in their stylised costumes of dyed blouses and black trousers over (or tucked into) boots. She makes a positive heroine, spirited and strong, taking a cue from her lover in the colloquial rhythms of the times. As with many Juliets today, including this season's Stratford exponent, the poetry is not allowed to breathe.

As director, Mr Branagh's anti-rhetorical approach pays dividends in Mercutio's death. The whole fight is a jokey, low-key affair, with Romeo laughingly tugging at his friend throughout. Elsewhere, as when Juliet goes to bed on bare boards, the touch seems uncertain. And I must confess an aversion to women playing men's parts (here we have a female Peter). Visions of village hall theatricals loom threateningly close.

The older generation is a pretty weak lot—no wonder Verona is in the hands of hooligans. Mark Hadfield's gallant attempt to double Mercutio and Friar Laurence does not come off and the director should not have tried it. The pace is swift (rather more than the "two hours' traffic of our stage," but not much) thanks to judicious cutting and some new emphases. A must for Romeo-collectors, though not for *Romeo* connoisseurs. And those puzzled by the sudden intrusion of a bellicose Anglo-Saxon in the brawl need not search the programme for Alastair Carter. Mercutio actually exclaimed "Alla stoccoto carries it away!"

Alastair Muir

Samantha Bond and Kenneth Branagh

English Dance Theatre/Elizabeth Hall

Clement Crisp

English Dance Theatre is based in Newcastle-upon-Tyne, where it carries the torch of contemporary dance. The light shone rather fitfully during the company's single performance on the South Bank on Friday night as part of the Summerscope festivals. The problems of providing a repertory for a regional public are many but only in the determinedly popular jollification of *The Junction*, which closed the company's triple bill, did I sense any of that muscular and emotional brightness which might be supposed to endear dance to a new audience. The two other pieces were, in very different ways, singularly lowering to the spirits.

Sea Change, by the young Dutch choreographer Ed Wubbe, was a reworking of that maritime home-truth that "men must work, and women must weep" as a couple of sailors were involved in domestic distress with three women—the imbalanced sexual equation perhaps part of the trouble. The men suffered; the women suffered; an atmospheric score by Gary Carpenter suggested the distant murmur of the sea; no one—least of all me—had a good time.

It was ironic that, as part of a festival whose subtitle proclaims it "A musical celebration of our century," the score for *Petrushka* should be mauled and mishandled by Yair Vardi in his brutal version of the masterpiece. David Murray and Christopher Swithinbank produced an excellent account of sections from the four-hand piano reduction of the music, but it was more than irritating to see a travesty of the traditional action and snatches of the Fokine choreography artistically performed by a cast of four with little regard for the taut and indissoluble links between score and drama established by Fokine and Stravinsky. This *Petrushka* had a certain macabre interest as mayhem, but was on all other count unwise.

The Junction, high spirits to recordings by Manhattan Transfer, at least showed the dancers in happy mood, kicking and shimmying and being generally vivacious. It lacks much dynamic focus, but Mr Vardi's choreography and his willing dancers communicate a sense of enjoyment that helped dispel the glum air of the rest of the evening.

London Sinfonietta/Albert Hall

Andrew Clements

The kind of programme that Oliver Knussen had put together for Friday's Prom — no fewer than 10 separate items broken by two intervals — usually works far more effectively on paper than it does in performance. The platform alterations inevitable in such a mixed bag of contemporary music destroy a sense of continuity, and the carefully constructed point of the compilation is often lost. This, though, was the exception; every piece slotted into place, the several themes running through the evening lay happily side by side and the standard of playing — the London Sinfonietta conducted by Knussen and Simon Joly, abetted by the BBC Singers and a bevy of soloists — was predictably and consistently excellent.

In one respect only was the concert a disappointment. The first performance of Knussen's *Chiara*, for solo soprano, women's voices and orchestra, had been scheduled but the composer failed to complete the score in time. He brought instead the *Frammenti di Chiara*, first heard in a slightly different form at the Almeida Festival in June. As I understand the rather complex archaeology of this work, what we heard were the choral parts of what eventually will be a multi-textured piece, layers essentially composed in the mid-1970s. They set the word "chaira" ("clear" in Italian) in a variety of languages, creating a beautifully intricate web of glistening vocal writing. But at present they suggest only a surface, lacking altogether the kind of musculature that would give real substance and depth.

Counterbalancing Knussen's own music was the first London performance of Alexander Goehr's *a musical offering* (sic) *(JSB 1985)*, which Andrew Porter reviewed when it received its premiere at Edinburgh last year. I must confess to finding it a difficult work to absorb, with the elements of Goehr's recent style—generous helpings of Stravinsky and Weill/Eisler, washed down by mild expressionist gestures—not combined into an entirely convincing unity. The final fugue—the most explicit moment of Bachian homage—is easily the most lucid and coherent portion of the 16-minute work.

The rest carefully interleaved Stravinsky (three late miniatures and *Renard*) with Webern (the op. 13 songs and the orchestration of Bach's 6-part Ricercare) and two post-1945 Italian works. In Maderna's *Amanda*, Nona Liddell was the soloist in what is essentially a small-scale violin concerto which moves tastefully around the lexicon of contemporary orchestral effects, while Nono's *Conciones o Guiomor* gave Phyllis Bryn-Julson the opportunity to demonstrate that in one area of the modern vocal repertory, those works requiring a sustained, beautiful tone with total control and unwavering intonation, she has few equals. She had earlier provided the high point of a fascinating programme—beautifully intense accounts of the two sacred songs of Hugo Wolf that Stravinsky orchestrated in the last months of his life because he "wanted to say something about death and felt that he could not compose anything of his own."

Sanderling/Albert Hall

Dominic Gill

Kurt Sanderling's direction of Beethoven's Coriolan overture at the start of his Prom on Thurday with the Philharmonia Orchestra was one of the evening's highest points. It summed up, in the perfect directness and naturalness of its unfolding, the essence of Sanderling's Beethovenian manner—which achieves, in quite mysterious and invisible ways, a phenomenal concentration of phrase and gesture with the absolute minimum of dramatic demonstration.

It was an account of such simplicity and urgency, and calm illumination, that every familiar measure seemed proposed anew: rare event, and rarer still, at the start of a concert, in Beethoven's Coriolan! The creative temperature was a degree or two lower in Beethoven's fourth piano concerto which followed. The soloist was Emmanuel Ax, whose performance — apart from one exposed memory lapse in the first movement, and the slightly coy effect of some of his more extreme dynamic contrasts — was clean, serious and attractive. But nothing in it achieved the poise and authority of the overture, or blew such a fresh and powerful Beethovenian wind.

Each time I hear Bruckner's third symphony I pray that some door as yet undiscovered will open, and I will understand at last what quality it is in this music which its admirers love so dearly. That day has not yet come, nor came, on Thursday.

Sanderling drove the opening movement forward with splendid conviction to its mysterious, withered conclusion. I suspect that not even the most sensitive and cohesive momentum can make the adagio hang together convincingly — but its climax had a kind of tattered nobility that was genuinely touching. The scherzo, which our programme-note called "finely knit," remains as much a mystery to me as the finale, whose single rousing split-second is a hollow echo of Wagner.

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 15-21

Music

PARIS

Arto Noras, cello, Bruno Rigutto, piano: Beethoven, Bach, Brahms (Mon 7pm). Auditorium des Halles, 5 Porte Saint-Eustache.

Irina Zaritskaya, piano: One hour with Scriabin (Tue 6.30pm). Auditorium des Halles.

All these concerts are part of the Paris Festival Estival. Taped information in English round the clock (4764 9680).

LONDON

BBC Symphony Orchestra and Singers conducted by David Atherton in Dallapiccola's Il prigioniero. Also Lontano directed by Odaline de la Martinez with Peter Frankl, piano and Mark Lubotsky, violin, in Berg's Chamber Concerto. Royal Albert Hall (Mon). (589 8212).

English Chamber Orchestra conducted by Jeffrey Tate with Ralph Kirschbaum, cello. Haydn, Schumann and Strauss. Royal Albert Hall (Tue).

BBC Symphony Orchestra conducted by David Atherton with Howard Shelley, piano. Elgar, Peter Dickinson and Rachmaninov. Royal Albert Hall (Wed).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Anne-Sophie Mutter, violin. Lyadov, Dvořák and Tchaikovsky. Royal Albert Hall (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. The Amsterdam Bach Soloists, with Jard van Nes, contralto, and Leo van Doeselaar, organ. Bach (Tue). (71 83 45).

Amsterdam, Westerkerk. Hans van Nieuwkoop, organ. Bach, Mendelssohn, Brahms (Mon). (24 77 66).

Amsterdam, Oude Kerk. Organ recitals by Charles de Wolf (Tue) and Rutger van Mazijk (Wed).

SPAIN

Madrid, El Escorial: Jose Miguel Moreno, lute/guitar, and Mossaiques Quartet. Boccherini, Haydn, Kohaut (Tue); Sigiswald Kuijken, François Fernandez (violinists), Marleen Thiers (viola), Wieland Kuijken (cello): Mozart and Haydn (Wed); Christophe Coin (cellist), Patrick Cohen (fortepiano), Eric Hogarth (violin): Beethoven (Thur). Real Coliseo Carlos III, Floridablanca 18. El Escorial (890 4411).

Santander. Norddeutscher Rundfunk (NDR) of Hamburg; Monday with violinist Uto Ughi, Brahms, Strauss and Stravinsky; Tuesday, Verdi's Requiem; Thursday, Mahler 8. Plaza Porticada.

VIENNA

London Baroque Orchestra. Corelli, Vivaldi, Handel, Arne, Mozart. Schönbrunn Palace (Wed).

ITALY

Verona: Arena di Verona. Concert performance of Fidelio conducted by Christian Badea. The soloists include James King, Gwyneth Jones, Siegmund Nimsgern, Hans Tschammer and Sona Ghazarian. (Mon). (2 81 51).

Pompei: (Panetenee Pompeiane): London Symphony Orchestra conducted by Lorin Maazel (Wed and Thur). (474 3718).

NEW YORK

Mostly Mozart Festival (Avery Fisher Hall): Mendelssohn String Quartet with Rudolf Firkusny piano. All-Mendelssohn programme (Mon); Festival Orchestra. Gerard Schwarz conducting, Eugene Istomin piano, Arleen Auger soprano. Schubert, Mozart (Tue, Wed); Kalichstein-Laredo-Robinson Trio with Michael Tree viola, Caroline Levine viola and Julius Levine doublebass. Mozart, Mendelssohn, Schubert (Thur). Lincoln Center (874 2424).

WASHINGTON

Summer Festival (Concert Hall): Highlighted by a visit from the Newport Folk Festival in August, this summer-long string of popular singers and musicians includes recital performances by Neil Sedaka, Shirley Bassey, Dionne Warwick and Petula Clark. Kennedy Center. Ends Aug 27.

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Monday August 18 1986

The Danish experiment

THE DANISH experiment continues. This was the uncompromising message of Mr Palle Simonsen's 1987 draft budget, published on Friday. The experiment in question is to see whether Denmark's chronic balance of payments deficit can be corrected without a devaluation of the krone. The coalition Government hopes that tight fiscal policy combined with measures to boost domestic savings will, given time, stabilise the external account. Foreign exchange markets, buffeted by news of the record current account deficit in the first half of the year, have their doubts.

Market agitation is not so unreasonable. In relation to its gross domestic product, Denmark is running a bigger current account deficit than the US. In the first half, in spite of a near halving of the country's energy bill as a result of falling oil prices, the deficit widened to a record DKr 18bn (£1.6bn). The Danes will not have calmed nerves by announcing on Friday that they have abandoned long-held plans to close the deficit by 1988.

Mr Simonsen chose instead to draw attention to Denmark's remarkable fiscal achievements. When the present Government took office in 1982 it faced a budget deficit of 15 per cent of GDP and many other economic horrors. Today, Denmark is the only OECD country to boast a budget surplus. Moreover, it is the sort of surplus that financial markets understand—a surplus in money terms before complex adjustments for inflation and the state of the economic cycle. The improvement is the fruit of effective curbs on public spending, rapid domestic growth and higher taxes. Denmark has shown that a budget deficit can be eliminated without creating a slump: the unemployment rate is 6.7 per cent, the lowest in the EEC.

Strange bedfellows

A current account deficit that is proportionately bigger than America's and a fiscal policy that is tighter than West Germany's make strange bedfellows. Government red ink is the usual counterpart to a big external deficit; indeed fiscal retrenchment is often the prescribed cure for external imbalance. At least one eminent Danish economist is arguing that yet higher taxes are the answer:

The logic is clear enough. The chronic current account deficit is the mirror image of a drastic shortfall of domestic savings which, ironically, has been exacerbated by booming business investment. Higher taxes would represent a form of forced public savings. The Government, however, regards this as too deflationary a solution. It is seeking to encourage private savings through modest tax reforms and improved pension arrangements for blue-collar workers. This may have a small impact in the long run but is most unlikely to transform the economy's short run behaviour.

Less risky

The fact that fiscal retrenchment has failed to cure Denmark's external imbalance suggests that it may have to turn to the other classic remedy: devaluation. Earlier this year, the OECD argued that a "fast and sizeable transfer of resources to the internationally competing sector remains the only viable route" for Denmark. A currency adjustment, by improving the relative profitability of export industries and curbing the Danes' insatiable demand for imports, might achieve this even if the precedents are scarcely encouraging. Mr Simonsen might note that depreciation is a less risky strategy in the disinflationary 1980s than it was in the 1970s—this, at least, had been the UK and US experience.

The present Government has so much political credibility invested in the strong krone policy that devaluation would be very much a last gasp option. It would certainly be opposed by Denmark's EMS partners in the wake of Ireland's recent move. The fact remains, however, that pegging the krone to the D-mark made more sense when the latter was relatively weak. In the past 18 months, the D-mark has appreciated by more than 50 per cent against the dollar and pulled the krone with it. This degree of appreciation looks incongruous for a country running what is, as a proportion of GDP, one of the biggest deficits in the world.

Entrepreneurs in space

THE US Government's decision to take the National Aeronautics and Space Administration (Nasa) out of the business of launching commercial satellites is bold and welcome. It will add to the short-term worries of some customers, and could allow rivals in Europe, Japan and China to grab an important share of the commercial market. But the announcement means that an inherent flaw in the US space shuttle programme is finally being tackled and will encourage a much more entrepreneurial approach to space. Over the next few years this in turn should lead to a wider variety of choice and a more secure service for the commercial satellite industry.

From the beginning, the trouble with the shuttle was that it was required to satisfy several quite different design requirements. Roughly half its workload has involved the ejection into orbit of commercial satellites for a fee. In addition, it has had to push out into much lower orbits very large spy satellites for the Pentagon, this being a necessary condition for financial backing from the Defence Department in the early 1970s. It has also had to lift people above the atmosphere to the fringes of space and provide a platform for experiments carried out by private companies to investigate novel enterprises such as low gravity materials processing.

Flights suspended

As a result, the shuttle developed into an unsatisfactory amalgam of three different vehicles. Nasa was unable to bring down the cost of individual missions as quickly as it had once hoped, with only a small fraction of the costs of a typical trip being recouped from commercial customers. Conventional expendable rockets can throw objects into space much more cheaply than the shuttle, yet the dominating position of this heavily subsidised agency made it very difficult for the US private sector to get a worthwhile position in the market.

The Challenger disaster last January, which destroyed one of the four shuttles and killed seven astronauts, forced a re-think of US space policy. In the event, the decision to pull out of commercial business has been made easier by the problems of Ariane, western Europe's satellite launcher. Its flights are suspended until next year while technicians attend to the problems which caused a launch failure at the end of May, the fifth fault in 18 Ariane missions. This will make it harder for Europe to build up a dominating position before the US private sector can get off the ground. And with the remaining shuttles grounded until early in 1988, commercial customers had already resigned themselves to lengthy delays.

Private sector companies should be in a position to offer regular launch services from 1989, based on the Delta and Atlas-Centaur rockets. The entry barriers will still be high and government backing will continue to play a big part in development spending. The US rockets were developed with government funds, and will probably use Nasa facilities for flight operations. Similarly, although Arianespace has large private-sector backing, it too relied on government development spending.

Credible force

So there will no doubt be scope for continuing arguments between the US and its rivals about covert government subsidies. But the balance between public and private funding for operating costs will be fundamentally changed, and companies like Transpace Carriers and General Dynamics will have a real chance to make a mark.

All this will have a big impact on the character of Nasa, which has always been anxious for political and financial reasons to keep a foot in as many camps as possible and to avoid being seen as an arm of the US military establishment. Now, the proportion of its defence related work seems bound to increase. However, as compensation for the loss of the commercial side, the agency is to get its replacement shuttle, which means that it will continue to be a credible force in space.

This will not be at the expense of funding for the space station, which has received fresh support from President Reagan. There is a risk that this project will repeat the mistakes of the shuttle programme, by seeking to combine too many functions in one giant investment. But for the time being, the US has reasserted its leadership role in space, at the same time as opening the way to newcomers.

VOLVO-GM TRUCKS DEAL

GENERAL MOTORS is the world's biggest and richest automotive group but it has still had to admit defeat in the heavy truck business.

In a move which will send shock waves through the industry world-wide, GM effectively is handing over its North American heavy truck operations to Volvo of Sweden.

While the deal announced on Friday directly affects only North America — where GM's heavy truck operations will be merged with those of the Swedish group's Volvo-White subsidiary, under Volvo's control — it has wider implications for an industry in need of restructuring to improve its competitiveness and profitability.

"This marks a new stage in the restructuring of the global heavy truck industry," says Mr John Lawson, head of the automotive forecasting team at DRI Europe, the consultancy group. "So far we have had many negotiations and a number of attempted mergers between companies whose future is in some doubt. But this is the kind of co-operative venture that many smaller companies fear the most — a co-operation from strength between two of the giants whose future seems assured. And other major companies must now be reconsidering their positions."

The deal underlines the fact that complete commitment is necessary if a company is to have any chance of success in the heavy truck business today.

Heavy truck operations represent a very small part of GM's total $90bn annual sales. GM's management seems pre-occupied with cars and the recently-acquired high-tech companies Hughes Aircraft and Electronic Data Systems.

It appears to have no inclination to spend the millions of dollars needed to bring its ageing North American heavy truck range up to date when the sector is involved in major upheaval, is plagued by over-capacity and fierce price competition—and when forecasters say there are no prospects for growth.

Bedford, GM's UK-based European subsidiary, never counted for much in the sector — for vehicles over 16 tonnes gross weight — and is by no means big enough to stage a revival on its own now that its parent has opted out.

GM's attempts to find a partner for Bedford, first MAN of West Germany and then Leyland in Britain, have fizzled out.

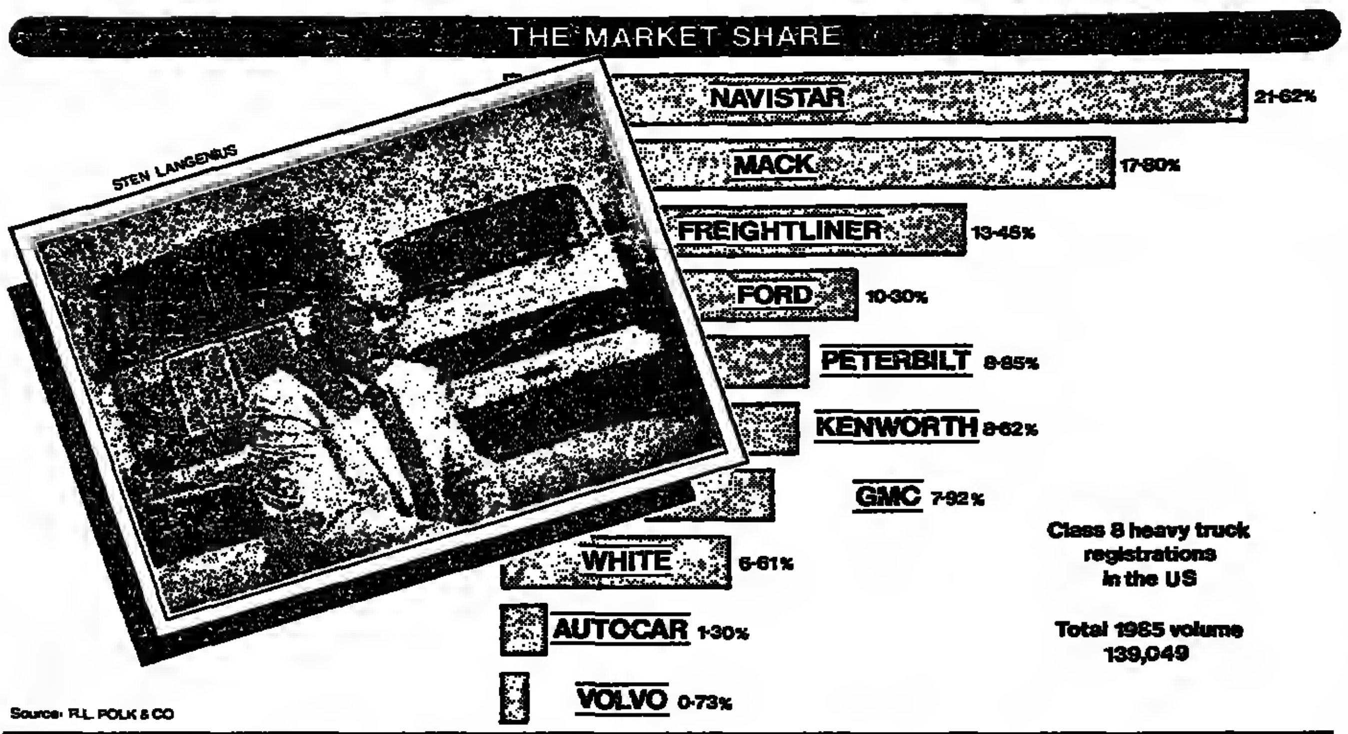
In contrast, Volvo, already third-largest of the world's heavy truck producers after Daimler-Benz of West Germany and France's state-owned Renault, has shown aggressive determination to remain among the long-term survivors in the global heavy truck industry.

Volvo has already taken advantage of weaknesses among the North American truck producers. In 1981 it paid $75m for the assets, including three factories, of the bankrupt White Motor, and calculated that another $75m would be needed to get the organisation into the black.

Other European groups have had the same idea. Daimler-Benz bought the then-ailing Freightliner, while Renault invested in Mack Trucks to take effective control.

Mr Sten Langenius, president of Volvo Truck Corporation, insists his group has to be represented in the North American heavy truck market, which is about the same size as that in Western Europe. He says the company needs the volume to cover the cost of its commitment to vertical integration.

THE MARKET SHARE



Shock waves through the industry

By Kenneth Gooding, Motor Industry Correspondent

Volvo believes the best way to produce heavy trucks is for the manufacturer to provide all the key elements in the driveline — engine, gearbox, axles.

"There is no way an integrated producer can be viable without a presence both in the US and Europe to spread the development costs over bigger volumes of output," he argues.

A complete commitment is necessary

Those costs are accelerating. Volvo Truck spent SKr 800m (£77.6m) in 1983 on research and development, SKr 958m in 1984 and SKr 1.1bn last year. Mr Langenius estimates the bill will rise by another SKr 50m to SKr 75m this year.

By strengthening Volvo's base in North America, the deal with GM should put the Swedish group in a better position to cope with the competition in the heavy truck markets of Western Europe and the developing world.

But it will take time. As Mr Langenius says: "It will not pay off in the first two years because of the restructuring and transition costs. It will take some years before the deal will pay off in a good way."

To a great extent this is because in the US Volvo is not trying to force its integrated driveline philosophy on unreceptive customers. White Trucks and the Autocar vehicles which Volvo-White also produces in the US are still sold with engines, transmissions and axles from independent suppliers—as is the case with the vast majority of US heavy trucks.

However, some White trucks with Volvo engines installed are already operating on trial in some big US fleets and although it is seen as a long-term project, all future White trucks will be designed to incorporate key Volvo components. Currently Volvo produces all its engines, transmissions and axles in Sweden then sends them to its factories in other parts of the world—Belgium, Scotland, Brazil, Iran, as well as the US—where complete vehicles are assembled.

By adding GM's 310 heavy truck dealer outlets to its own 220, Volvo eventually could double its US sales from last year's 12,000—a useful addition to the Swedish company's output of trucks over 16 tonnes, which was about 42,000 last year.

In the meantime GM will ease itself out of a business which it had already practically given up by default. Ford has achieved the same result this year in Europe when it handed over its UK-based medium and heavy truck operations to a new joint venture company managed by Iveco, the Fiat-owned heavy commercial vehicle producer.

The so-called Class 8 (over 33,000 lbs gross weight) GMC trucks which are the subject of the Volvo arrangement are now 12 years old and have been losing market share rapidly in the past two years.

"We could see what was coming. GM either had to spend millions on new GMC trucks or merge with someone," says one of GMs rivals. Simply stopping production was not an option because of the damage that would inevitably do to the dealer network. GM intends to stay in the profitable light and medium truck business and it needs to keep the network intact.

GM also had to consider the dramatic changes currently affecting the character of the haulage industry in the US, changes which seem certain to drive down demand for the heavy, Class 8, vehicles.

Until recently, the US haulage industry has been very closely supervised by the Interstate Commerce Commission. The ICC regulated entry to the haulage industry, along with the markets served, commodities carried, routes to be used and endless other details.

This has now been blown away by Federal decree, on the view that all this regulation has produced a remarkably inefficient haulage industry in America.

For example general hauliers, who could carry loads for anyone, have been running trucks fully loaded only 10 per cent of the time and at least 30 per cent of the time trailers were completely empty. Private carriers, who were permitted to shift only their own goods, ran fully loaded only about half the time because it was unusual for a truck to have a load to bring back to base.

The deal will help eliminate excess capacity

Those making guesses about the impact of de-regulation say the long-haul business will shrink sharply. No longer will trucks make those coast-to-coast, New York to California trips. Most journeys of over 700 miles will be by "piggy-back," where the truck trailer is carried by rail for part of the journey.

This should limit the number of heavy-duty trucks required in the US in future.

De-regulation is also bankrupting small haulage companies and forcing the larger ones into mergers. The large groups are using computer technology to ensure their trucks are used much more efficiently.

On top of all that, heavy trucks are lasting longer—witness the 500,000 mile warranties being offered by some manufacturers.

The concensus among the truck producers is that, whereas annual sales of Class 8 trucks once peaked at 180,000, the best to be expected in future is 140,000 and the industry must prepare itself for an average demand of 120,000 heavy trucks a year.

The GM Volvo deal will help eliminate some of the excess capacity. Sooner or later, production of the GMC heavy trucks in Pontiac, Michigan, will come to an end, leaving the new Volvo-GM Heavy Truck Corporation to supply from the former Volvo-White factories in Virginia, Ohio and Utah.

GM has no qualms about marketing other companies' products if it can make a profit on them. For example, it has been importing medium trucks from its 40 per cent-owned Japanese associate Isuzu and selling them in the US as Chevrolet Forward and Chevrolet Tiltmaster.

Other heavy truck producers have seen the writing on the wall. Freightliner, Daimler-Benz's North American subsidiary, acted early and closed two factories in 1981. Paccar, which makes the Kenworth and Peterbilt trucks, has announced plans to cut its capacity by one-third by closing two factories and hopes to improve its dealers' prospects by importing medium trucks built by Volkswagen of Brazil.

Mr Peter Rupp, chief executive of Freightliner, points out that the combined Volvo-GM organisation will by no means dominate the Class 8 sector and claims his company and other majors such as Navistar (formerly International Harvester) and Paccar have nothing to fear from the new alliance.

"It is not a bad idea for two of our competitors to make some impact on the over-capacity," he adds.

Like others in the industry, Mr Rupp predicts: "America will see more mergers in all sectors of the truck business—not just Class 8—now that the Japanese (Hino, the Toyota associate, Nissan Diesel and Mitsubishi) are coming in."

Mr Thage Berggren, Volvo-White's chief executive, says that Class 8 will be the main sector to watch and that 1988 will be the crucial year.

That is when new noise and emissions regulations come into effect and "a lot of product changes and a lot of long-term investment decisions based on the potential future profitability of the heavy-duty business will come into play."

The changes in the regulations, he feels, "are likely to force changes in the composition of the heavy truck industry in the States even more than any sharp drop in Class 8 demand."

DRI's Mr Lawson agrees and suggests that Mitsubishi in particular might well be interested in linking with a US producer to gain access to a dealer network.

He also feels that if the Volvo-GM merger is reasonably successful it might well be extended to Europe, a move which would transform the competitive position.

Men and Matters

Schwab's lost 'rare jewel'

It seems that Charles R Schwab, who has abruptly quit as a BankAmerica board director, has regretted the decision to sell the discount brokerage firm that bears his name to the west coast banking group almost since the day the $53m deal was done in 1981.

The deal, which took more than a year to clear the regulatory authorities, was seen then as a major coup for the west coast banking group, and its president Samuel H. Armacost.

Schwab founded Charles Schwab & Company in 1971 with a $100,000 investment. He quickly turned the firm into the United States' biggest discount brokerage business. He ended up as the group's biggest individual shareholder with stock worth about $17m in the late 1970s—and seats on both the holding company and bank boards.

When the acquisition was finally completed early in 1983 Schwab said "By a merger with a multi-faceted financial services organisation such as BankAmerica, our customers stand to gain from our new diversification and strength."

By last year, with BankAmerica posting a series of huge losses, mainly caused by the need to bolster reserves to cover problem credits, Schwab had changed his mind. After watching BankAmerica's share price slide he sold most of his stock for prices well below the values ruling at the time of the deal.

Then Schwab, who continues to run the brokerage unit as its chairman and chief executive, offered to buy it back from BankAmerica. But Armacost refused to sell. That was understandable as the Schwab business has emerged as a rare jewel in BankAmerica's otherwise gloomy operations.

BankAmerica reported a stunning $640m second-quarter loss this year. But Schwab's profits rose to about $10m — a fivefold increase. Schwab's revenues rose to $194m, and it has recently been adding 35,000 new accounts a month.

Schwab, aged 49, is known to have been a vocal critic of BankAmerica's current management, and an active boardroom dissenter. He is understood to have been among a small minority of BankAmerica directors who looked favourably on the abortive bid by Sandford Weill, the former American Express president, to take over the bank and replace Armacost as chairman and chief executive earlier this year.

Schwab is also believed to have been a leading campaigner for cost-cutting measures, and the elimination of the bank's stock dividend — an action the group finally took in January.

The Wall Street speculation is that Schwab has not given up hope of buying back the discount brokerage business, even though Armacost and BankAmerica continue to insist it is not for sale.

Stood down

More than 10 years after his death, General Franco has been declared a menace to road safety.

That ultimate indignity has been dealt by the town of Jaen in Andalucia, which, until the other day, boasted a prominent full-length statue of the general in his army uniform, standing on a massive stone block.

The new socialist mayor, Jose Maria de la Torre Colmenero, decided to make his mark by sending a mechanical digger and crane to remove the memorial, arguing that it was in the way of the traffic and created a safety risk. The monument, weighing about 10 tonnes in all, is being put aside for the time being with the idea that someone may want it.

The mayor's gesture (made, he says, after consultation with party leaders, thereby bringing the Madrid government into the controversy) has brought a flood of protest calls and an angry response from the conservative minority on the city council.

Account closed?

Deutsche Bank may be about to lose prematurely a senior member of its executive board.

Eckart van Hooven, aged 60, wants to take on the job of economics senator (local minister) in the city-state of Hamburg.

He has already been promised the post if the Christian Democrats overturn the ruling Social Democrats in the Hamburg elections in November.

Van Hooven's intended move comes as a double surprise. It is rare in Germany for a senior businessman to go into politics, or indeed for a politician to make the jump the other way. Also, it is about as rare for a member of the Deutsche board to leave before the usual retiring age of 65 as it is for instrumentalists to desert the Berlin Philharmonic.

There are two reasons why van Hooven is keen to take on the new job. He was born in Hamburg, got his first job there with the Deutsche in 1955, and knows a lot about local industrial problems. He also feels he has got as far as he can at the bank. He has had a distinguished career organising the Deutsche's retail banking activities and is widely known as the Father of the Eurocheque and Eurocard.

But although he was at one time in the running to become a "spokesman" (in effect chairman) of the executive board he was pipped at the post last year by Alfred Herrhausen.

Into battle

Retired warrior Sir Edwin Bramall, until recently British chief of the defence staff, is a gamekeeper about to turn poacher.

After more than 40 years' army service he is joining Vickers, the tank maker and engineering group, as a consultant and non-executive director.

It was Sir David Plastow, Vickers' chief executive, who invited him to come aboard. The two men are old friends.

Bramall is to become a non-executive director of Vickers Defence Systems, one of the group's six-core businesses, and a defence adviser to the main Vickers board.

His wide foreign contacts should prove useful in Vickers' search for export orders.

Under Civil Service rules, the appointment had to be cleared by the Diamond committee which vets moves by public servants into the private sector. Bramall will take up his new job next month nine months after his retirement.

Since giving up the chair of chief of the defence staff Bramall has concentrated on his duties as Lord Lieutenant of London and on gardening. He is also to join the committee of the MCC shortly. In his day he was a useful opening bat, dispatching many a fast bowler on the playing fields of Eton.

Labour's baby

Other left-wing magazines look set to respond to the challenge of a new editor at the New Statesman and the prospect of a livelier leftish press.

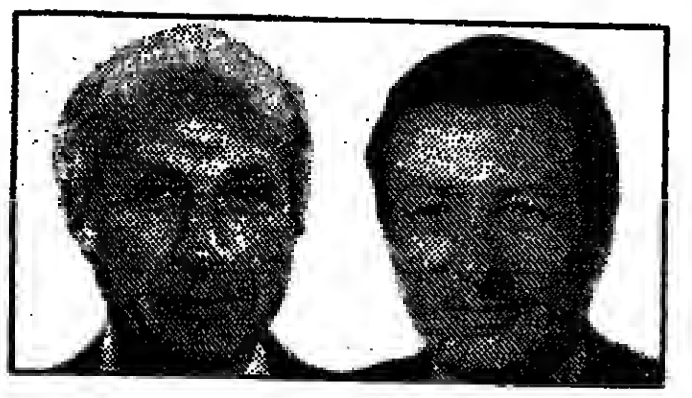
Stuart Weir, editor of the Labour Party's discussion journal, New Socialist, has just spent a month away from work on paternity leave.

In his time off with the new baby he came up with some bright ideas for the magazine.

When he returned staff cheerfully tolerated his suggestion that a forthcoming issue should examine the politics of natural childbirth. They were slightly dubious, however, of his idea that the front cover should carry a big close-up of a baby.

They were dumbfounded when Weir went on to suggest that the cover should be devoted to the new child star of the movement—his own baby.

Observer



● Georges Pebereau and Jean-Maxime Leveque

French privatisation: the changes at the top

An inevitable fact of French life

● Renand de la Geniere and Alain Gomez

By Paul Betts in Paris

"OUR SUMMER game of corporate musical chairs must appear a little bizarre to Anglo-Saxons," remarked a French banker the other day after the conservative Government of Mr Jacques Chirac appointed chairmen to 24 of the country's biggest state banks and industrial groups which are all earmarked for privatisation.

If the current shake-up at the top of French state sector enterprises may seem surprising to outsiders, it has been accepted in France as an inevitable fact of French political and economic life.

After the sweeping nationalisations of industrial groups and banks by the Left when it took power in 1982, it was regarded as a foregone conclusion that the Right would seek to place its own candidates in plum state sector jobs when it returned to power. That has always been part of the spoils system of French politics. Even before the Right had won the parliamentary elections in March, speculation about who would be picked to lead which group became a favourite party game in many Paris salons.

"Ironically, by nationalising so many industrial and banking groups, the Left has now handed them on a silver platter to the Right. If they had not been nationalised, the Chirac Government would never have had the opportunity to place its friends in some of the key jobs in French industry and finance with such ease before returning these groups to the private sector," says a veteran executive of one of the large enterprises nationalised by the Socialists four years ago.

But Mr Chirac and Mr Edouard Balladur, his Economy and Finance Minister, have gone to great lengths in recent weeks not to appear blatantly partisan in their choice of chairmen.

Unlike the Left, which launched a purge in the executive suites of newly nationalised companies after it took power, dismissing all but two of the state enterprise chairmen, the right-wing Government replaced only half of the 24 chief executives in last month's appointments. "The judgment of Solomon" was how the left-wing independent daily newspaper Liberation sarcastically described the nominations.

Among the 12 reconfirmed in their posts were chairmen with strong Socialist links, such as Mr Alain Gomez, of the Thomson defence and electronics group, once a leading member of the Socialist Party's Far Left Geres faction, and Mr Rene Thomas, of Banque Nationale de Paris, the country's largest commercial bank, and a friend of President Mitterrand.

At the same time, chairmen without any obvious political connections, like Mr Georges Pebereau of Compagnie Generale d'Electricite (CGE)—whose dismissal was the most surprising of any of the new moves—and Mr Bernard Pache of the Pechiney aluminium and metals group were dropped. Some with rightist connections were also dropped. At Paribas, the venerable French *banque d'affaires*, for example, the Government replaced Mr Jean-Yves Haberer, a former director of the French Treasury during the Giscard d'Estaing presidency and before that a chief aide of the Gaullist minister Michel Debre.

Mr Chirac's efforts to display as pragmatic an approach as possible to the sensitive issue of state company nominations reflects the political constraints imposed on the neo-Gaullist Prime Minister by the problems of cohabitation with President Mitterrand. Unlike the Left in 1982 which could count on a comfortable majority in the National Assembly to back its nationalisation programme, Mr Chirac has only a fragile four-seat majority. The conflicting ambitions and aspirations of the various members of the right-wing coalition of RPR neo-Gaullists and UDF centrists supporting his Government has not made his task any easier.

Moreover, the Government was forced to acknowledge that not all the left-wing nationalisations had been a disaster. Indeed, many have proved industrial and financial success stories, returning to profit, or seeing profits increase, after major restructuring. The management of many of these groups had begun to win the confidence of investors and markets. The Government, anxious to see its privatisation programme get off to a smooth and successful start in the autumn, has endeavoured not to disturb this process.

For all these reasons, Mr Chirac had to execute a careful political balancing act. To content the hawks on his right, thirsting for revenge after what they regarded as a Socialist witch-hunt in 1982, he replaced heads of companies who had been closely linked with the previous government's industrial and nationalisation policies. Thus, Mr Jean Peyrelevade, an aide of former Socialist prime minister Pierre Mauroy, and chairman of the Suez financial group, was removed although both right and left openly acknowledge that he did a remarkable job at the large investment bank.

Other victims of their Socialist antecedents were Mr Loik Le Floch Prigent, the head of the Rhone-Poulenc chemicals group and a former *directeur de cabinet* of Mr Pierre Dreyfus, the Socialist Industry Minister, and Mr Jean Deflassieux, the chairman of Credit Lyonnais, the country's second largest commercial bank.

There were also a number of prominent candidates, displaced under the Left, who were in the wings to return to the helm of a state enterprise. Mr Jean-Maxime Leveque, the outspoken former chairman of Credit Commercial de France (CCF) who fought vigorously against the Left's nationalisation plans for his bank, was appointed to Credit Lyonnais, while Mr Renaud de la Geniere, former governor of the Banque de France, was given Suez.

At Rhone-Poulenc, the Government appointed Mr Jean-Rene Fourtou, a management consultant who specialises in the pharmaceutical sector but whose main qualification for the job may have been his close friendship with former President Valery Giscard d'Estaing. His appointment reflects Mr Chirac's efforts to balance the new jobs between his own RPR party and the centrist UDF coalition to which Mr Giscard d'Estaing and Mr Raymond Barre, the former right-wing Prime Minister, belong.

The appointments round was not without unfortunate casualties. The Government had to replace Mr Bernard Pache, the respected, apolitical chairman of Pechiney, to provide a job for Mr Jean Gandois, a former chairman of Rhone-Poulenc.

Wherever possible, according to Mr Balladur, the Economy Minister, the Government tried to replace chairmen with candidates from within their groups to preserve management continuity and avoid the internal upheavals caused by the arrival of outsiders.

In-house candidates were chosen to succeed several chairmen, such as Mr Haberer of Paribas, Mr Jaques Mayoux of Societe Generale and Mr Georges Pebereau of GGE — dropped because of the settlement of old scores, personality problems or internal management considerations.

Paribas is expected to be selected next month by the Government as one of the first two or three state groups to kick off the privatisation programme.

The replacement of Mr Pebereau at CGE was the most surprising of the lot. Mr Pebereau, one of France's most urbane and accomplished deal makers, had just negotiated the landmark agreement with ITT whereby CGE's Alcatel subsidiary will end up controlling a huge joint venture absorbing ITT's telecommunications assets.

But Mr Pebereau's wheeling and dealing had left him with many enemies. Moreover, his penchant for empire building seems to have worried the Government.

Mr Alain Madelin, the Industry Minister, said that CGE, after the heady years of expansion under Mr Pebereau, now needed "a little stability." To this end, the Government appointed Mr Pierre Suard, Alcatel's vice-president, as CGE's new chairman.

Mr Suard has the reputation of being a dour manager who did well at CGE's Cables de Lyon cable subsidiary before going to Alcatel. He must now put the Pebereau empire in order in preparation for GGE's privatisation.

In addition, the Government kept on among others, the successful management team of Jacques Stern and Francis Lorentz at the Bull computer group, Mr Jean-Louis Beffa, the chairman of Saint Gobain who replaced Mr Fauroux when the former chairman of the glass and pipes group was appointed by the Socialists to head the Ecole Nationale d'Administration, as well as Mr Michel Albert at the AGF insurance group and Mme Yvette Chassagne at the UAP insurance company, although she will be stepping down shortly on reaching the mandatory retirement age.

Again in its efforts to distance itself from the Socialist approach in 1982, Mr Chirac and Mr Balladur have made a point of saying that some of the dismissed chairmen, whose professional competence is unquestioned, will be found new jobs. "We are not savages," remarked Mr Balladur at one briefing session with journalists, adding that the selection of new chairmen had probably been the most unpleasant task he had had to undertake since becoming Economy Minister.

But with one or two exceptions, the Government appears to have pulled off a smooth political juggling act. On the one hand it has shown that, despite the problems of cohabitation with President Mitterrand, it was firmly in the driving seat by changing chairmen it felt were too openly connected with the previous Socialist Administration. On the other hand it has succeeded in displaying greater fairness than the Socialists by keeping on several state chairmen appointed by the former left-wing administration.

When the remaining 40 chairmen of the smaller state groups have been chosen (before the end of this month), the road will be clear for the autumn launch of the Government's privatisation programme.

But if the new chairmen expect to take direct charge of privatisation on behalf of their respective groups, they are likely to be disappointed.

Mr Balladur has already called some of them in to say that the Government expects them to manage their companies efficiently and independently, but to keep their noses out of the privatisation issue at this stage. He made it clear that his ministry would direct and orchestrate the privatisation programme and reminded the new state chairmen that until further notice the Government was still their principal shareholder.

Even with a Government which likes to flaunt its free-market and liberal commitment, *dirigiste* habits die hard in France.

THE GANDOIS DIMENSION

● Jean Gandois

THE STAR role in last month's corporate ballet undoubtedly goes to Mr Jean Gandois. A former head of the Rhone-Poulenc chemicals group, a steel industry specialist and a man with the reputation of being one of France's leading industrial troubleshooters, Mr Gandois has just become chairman of the Pechiney aluminium and metals group—its fourth in as many years.

Pechiney is an extreme case of the musical chairs syndrome. More often than not the top state enterprise chairmen are chosen from a small group of leading industrialists who switch from one big job to another.

In shirt-sleeves in his new office last week, Mr Gandois acknowledged quite candidly that many Pechiney managers had been dismayed by his arrival. He told the Financial Times in an interview: "Some even suggest that there will probably be another new chairman after the next French elections and that the job of chief executive depends more on the political environment than anything else. I too think this is unhealthy."

Mr Gandois replaced Mr Bernard Pache, who is now expected to take over the French coal board as a consolation prize. Mr Pache—and his predecessor Mr Georges Besse, who left to tackle the restructuring of the Renault state car group—succeeded in returning Pechiney to profit.

Consistent with his reputation as a no nonsense industrialist, Mr Gandois appears resolved to make his own mark on Pechiney. However, he is likely to follow the general strategic line of his two immediate predecessors, Messrs Besse and Pache. Following the successful restructuring of Pechiney around its core aluminium and metal fabricating operations by the two former chairmen, Mr Gandois intends to steer the group into what he calls "its future dimension." He would like to see Pechiney become more European.

The world's third largest aluminium producer, Pechiney has extensive operations in North America, the Far East and Australia. Mr Gandois would now like to see its European presence grow.

Loss-making operations—or "haemorrhages" as he calls them — will have to be restructured or cut. He suggests that measures are likely to be taken at Pechiney's loss-making copper transformation business which lost FFr 200m last year on sales of FFr 3bn. Total group net profits were FFr 732m on sales of FFr 36bn.

He also intends to improve the competitiveness of Pechiney's upstream basic aluminium production operations while consolidating the group's high value added operations like its US Howmet Turbine components subsidiary and its nuclear business.

Pechiney must also develop further its activities in special metals and new high technology materials. Mr Gandois says he would like to see the company's value added metal fabricating and high technology businesses increase their share in the overall turnover of the group.

Since arriving on July 28, Mr Gandois has been undertaking an extensive review of Pechiney's operations. He suggests that early privatisation would probably not be wise for the group. It must be given time to strengthen its balance sheet and brush up its image to attract private investors.

Negotiations on the sale of half of Pechiney's interest in the new aluminium smelter of Becancour in Quebec to Reynolds Metals of the US, begun under his predecessor, are continuing.

True to his strong and independent temperament, he resigned from Rhone Poulenc in 1982 because he claimed he was being held hostage by the Socialist government.

Along with Mr Roger Fauroux of Saint Gobain, he was one of only two chairmen kept on by the Left when it came to power five years ago.

Letters to the Editor

Futures as an investment

From the Chairman, Association for Futures Investment

Sir,—Your leader (August 12) on unit trusts expressed some widely held, but nonetheless groundless misconceptions about the use of futures as an investment. As a result of past scandals, current legislation does not regulate but instead prohibits the public sale of collective investment schemes, often driving them into less well regulated offshore structures.

In the US, the regulators have for many years taken the opposite point of view. As a result, there is a thriving, well regulated industry managing around $3bn in authorised funds using registered futures trading advisers who report their results in a common format. There is also a highly developed format for risk disclosure.

The DTI's consultative document also shows a rational approach to the problem. Far from liberating the futures investment industry, it instead brings it within a proper framework of regulation and control through the system for authorising unit trusts and the self regulatory structure that the City is adopting.

The primary users of the futures markets are trading companies who need a deep and liquid market to hedge their price risks. This market is provided in part by other trade houses, but also in substantial measure by private individuals and institutions who seek to profit from the assumption of risk. This parallels the value of the private speculator to the equity markets.

Futures markets, like the Stock Market, benefit from the participation of the smaller private investor through properly constructed collective investment schemes such as unit trusts which diversify risk and provide him with professional management.

All the reasons that led to the development of the equity unit trust also justify the extension of this successful regulatory framework to futures and options-based investments.

D. M. Anderson.
Sugar Quay,
Lower Thames St, EC3.

Productivity growth

From Mr J. Muellbauer

Sir,—Geoffrey Dicks (August 12) misrepresents what I wrote in April 1983. My views on the underlying trend in productivity growth are largely unchanged. My latest estimates confirm those reported in a discussion paper in November 1984. As I said in 1983, "there was indeed a genuine breakthrough which began in 1980." What I was arguing against then was the euphoria generated by the dramatic growth in output per head from the end of 1980 which was largely a cyclical recovery probably overlaid with an element of "shedding of the below average."

What I am arguing against now is gloom engendered by the apparent halt in manufacturing productivity growth in the past year. This is partly the result of a cyclical downturn and partly the result of an output measurement error. This seems to me a consistent position. Back in 1983, writing just before the considerable recovery in investment that has occurred in the meantime, I was too gloomy about the outlook. Then as now, I stressed that productivity growth depended significantly on the rate of capital formation. And that depends in part on macroeconomic policy.

John Muellbauer,
Nuffield College,
Oxford.

Unemployment statistics

From Mr J. Shields and Mr M. Cornelius

Sir,—The controversy surrounding the use and abuse of unemployment statistics has not been illuminated by the headline given to the survey carried out on behalf of the Committee for Research on Public Attitudes (August 8).

The survey, rather than ask individuals about their own experience, questioned 1,030 people (nearly a tenth of whom were unemployed) about what they thought was the experience of unemployed people known to them. This may have been interesting as an academic exercise to investigate the way that false perceptions are established. It was hardly a plausible basis for quantifying or reclassifying the extent of the unemployment problem in the UK.

It is true that the report itself disarmingly admitted that its "hearsay" evidence could not be related directly to national unemployment figures and that its methodology and findings might be "attacked as nonsense." But it then went ahead and made outlandish claims about only 900,000 to 1m people in Britain being "genuinely unemployed."

The report's technique for establishing this peculiar statistic was to divide arbitrarily those people "officially classified as unemployed" into nine different categories and then ask respondents how many were known personally to them in each one. It transpired that only 29 per cent of those known personally were felt by respondents to be in the single category of people who "desperately want work and try hard but cannot get a job" rather than one of the other eight categories such as those who can only get "such lowly paid work that they are no worse off being on the dole and drawing benefits."

One wonders how reputable statisticians or commentators could claim that such results suggested that only 29 per cent of the recorded unemployed, or 1m people, are genuinely unemployed. It is particularly curious that they chose to overlook another question in the survey indicating that only 28 per cent of respondents thought that the official estimate of unemployment actually did overstate the number of people genuinely unemployed.

Contrived survey statistics may make good headlines. They do not lessen the seriousness of the problems facing the economy. Unemployment, affecting 3m to 4m of our people, remains the priority issue.

Jon Shields (Director),
Mark Cornelius,
Employment Institute,
Suite 107,
Southbank House,
Black Prince Rd, SE1.

Planning appeals

From Mr D. Harrison

Sir,—I feel compelled to support Mr Jackson whose letter you published on August 7. Particularly, I am concerned with the conflict of interests between the desire to prevent the further decay of the inner cities and the natural desire to see out of town or edge of town developments which inevitably threaten the status quo in the established centres. Inner city decline is inevitable if a significant part of retail trade is syphoned off into the new edge of town locations. You published a letter of mine some time ago about enterprise zones where I indicated that these were yet another interference in the market and subsequent events have shown how my conclusion was correct. As Mr Jackson says, there is clearly a need for some sort of legal aid support for representing the views of small groups and only in this way can sufficient representations be put forward at the relevant time.

I think Mr Jackson's final sentence puts the whole thing in perspective, where he says that the interests of the shopping public will be put at risk.

Desmond Harrison.
Fox and Harrison,
51, Lower Lane,
Walsall.

Towards fairer taxation

From Mr S. Green

Sir,—The answer to Mr Miller (August 12) is that taxation takes away, it does not give. The higher-paid do not, under our present system of mortgage relief, receive more, they merely have a little less taken away. If one extends Mr Miller's logic, why should personal allowances be given against higher rate taxes? Surely it would be fairer that they should only count against the standard rate otherwise they are more valuable to high earners than to basic rate taxpayers.

Surely the solution is to abolish all tax relief except for a transferable, and substantially higher, personal allowance and to tax the balance at a single rate. Thus equity and redistribution could be achieved since the higher paid would be paying a higher average rate and the lower paid would not be taxed at all.

S. J. Green.
2, Friars Lane,
Richmond, Surrey.

Flying north of Watford

From Mr B. Dewing

Sir, — I wonder if Sir Peter Masefield would have written his letter (August 12) rather differently if his home were elsewhere than the south-east.

I understand that statistics show that 10 per cent of air passengers travelling through London (or, to put it in the words of the researchers, who are presumably London-based, only 10 per cent) are going from or to places outside the south-east. It would surely be simple to reduce the need for that 10 per cent to congregate on London by licensing flights into London only on condition that the airlines take one flight in 10 currently passing through London through airports north of Birmingham or west of Bristol.

If this were not sufficient to reduce traffic in the south-east to manageable proportions, differential fees could be introduced to encourage some of the braver Londoners to venture north of Watford.

Similar lateral thinking could be applied to Treasury recruitment problems which featured in another article in the same edition. If it cannot recruit successfully in the south-east, why does not the Treasury move the jobs to "such parts of the south-west and Scotland"?

B. R. Dewing.
20, Priory Rd,
Malvern, Worcs.

FINANCIAL TIMES

Monday August 18 1986

Terry Byland on Wall Street

Chartists ring a bull bell

STOCK-MARKET prospects have improved since gains in bonds began to signal expectations of new moves to lower global interest rates – but you will have to jump smartly and there will be no prizes for late arrivals. That was the message sent out last week from chartists and more pragmatic analysts alike.

Even those with a positive view of the blue-chip rally express some doubts about the wider market. Both the over-the-counter and American Exchange stocks have been slower than the blue chips to recover from the shakeout of July.

However, the good views first. Mr Joseph Barthel, who wields the charts for Butcher & Singer, the Philadelphia broker, sees ample evidence that "a strong stock-market bottom" has been established. Based on the ratios of large block deals (10,000 or more shares), the stock market looked heavily oversold at the end of July.

Indeed, the seller/buyer ratio had dropped close to levels seen last September, or January, when they proved the foundation for a sudden shift on to the buying tack. The shift has already started this time round, and the institutions were already net buyers in the final days of last month, according to Mr Barthel's charts.

Several other significant charts are also turning bullish. NYSE price momentum fell substantially at the end of July, again indicating a heavily overbought market, which has already been partly recovered. An index of stock-index futures sentiment – measured by percentage of

WALL STREET'S RETREAT

Index	% off 1986 peak
DJ Industrial	−2.8
S&P 500	−2.2
Nasdaq OTC comp.	−7.53
Amex	−4.8

advisers expressing bullish views – has dropped into a zone that has previously foreshadowed a significant upturn.

The charts quoted so far tend to reflect activity in the main stocks, and bear out the view that the leading indices might soon challenge the peaks so abruptly levelled at the beginning of July.

But the chart image thrown by the secondary stocks is less favourable – indeed Butcher & Singer goes as far as to warn that cumulative evidence now confirms that a bear market for the Amex and OTC markets has begun.

In terms of strength relative to the NYSE composite index, the OTC composite began to fall sharply in mid-June and is heading down towards the levels of the shakeouts of 1982 or 1984-85. The index has now broken decisively through the trend line established since mid-1985. Volume on the OTC markets has also begun to drop sharply, a further sign of a weaker market, says Butcher.

In the case of the American Stock Exchange, the signs are perhaps less clear, even to the chartists. The rally in the oil price has produced a mild recovery in some of the domestic-energy issues quoted on the Amex.

That apparent weakness in secondary stocks casts a cloud even over the optimism in the blue-chip sector. In their final analysis, the chartists are only prepared to see a "selective rally" taking the Dow Jones industrial average to new highs, only to be followed by a cyclical bear market with a 15 per cent to 20 per cent downside risk, starting early next year, or even earlier.

There is support for the bearish case, too, from some analysts taking their evidence from a wider perspective than the charts alone. Mr James Grant, in his latest survey of interest-rate prospects, draws uncomfortable parallels with the 1920s. He points to the way hunger for credit can be accused of having led to a deterioration in credit quality, now beginning to show itself in the rising levels of property foreclosures in some areas of the US.

The doomsday view is widely derided, of course – Mr Grant quotes Mr Gert von der Linde of Donaldson Lufkin Jenrette, who believes the US economy is so strong that Treasury bond yields will be 150 basis points higher by the end of next month. However, there is a restrained note to most of the optimism expressed on Wall Street.

Any reduction in global interest rates might turn into a damp squib in the US equity markets. A relatively short-term rally has been generally assumed. The outlook beyond Christmas still rests where it always did – with the outlook for the US economy, with or without another cut in discount rate.

US INDUSTRY LOSES LEAD IN LEAGUE TABLE BUT REMAINS 'FORMIDABLE'

Japan regains competitive edge

BY WILLIAM DULLFORCE IN GENEVA

JAPAN has recovered the lead in international competitiveness that it lost last year to the US, according to the 1986 scoreboard published today by the European Management Forum.

The result is the more remarkable in that it stems exclusively from Japanese pre-eminence in the factual criteria applied by the EMF and contradicts the subjective appraisals of Japan's own businessmen.

The EMF's annual assessment of world competitiveness is based on 340 criteria, of which 234 derive from internationally compatible statistics, while the remaining 106 reflect the subjective judgments of industrial and other leaders culled by questionnaire.

The 1986 report of the privately funded international foundation presents two scoreboards, one ranking 22 industrially advanced countries in the Organisation for Economic Co-operation and Development (OECD), the other rating nine newly industrialised countries.

Japan, the US and Switzerland arrive almost neck and neck at the head of the OECD group, with West Germany a length behind in fourth place. The four Nordic countries – Denmark, Sweden, Norway and Finland – are placed in the top 10 whereas Britain, France and Italy fall into the lower half.

These three, the EMF comments, have reason to be anxious about their competitiveness compared with most other European countries and with their overseas rivals in the OECD.

The top ranking of Japan stems largely from its excellent scores in the criteria to which the EMF gives double or triple weighting as being especially important for economic competitiveness. Those include consumer price inflation, the proportion of company earnings to national income, the national savings ratio and low real interest rates.

The US remains a "formidable challenger" in the EMF's book even if its own businessmen are less optimistic than they were a year earlier. One strength highlighted is the relative freedom enjoyed by US companies compared with the "swarms of restrictions" to which many of their competitors are subject.

Deregulation, tax incentives and the easing of anti-trust rules are cited as favourable factors along with labour flexibility and the absence of price controls.

The freedom of companies to invest, disinvest and to distribute profits as they wish is one of a long list of elements to which the EMF attributes Switzerland's high rating. Recognition is also accorded to the dynamic influence of the Swiss financial centre.

West Germany – a "model of consistency" – shows no serious lag in any important competitive factor, the EMF finds. It notes the strong position German companies retain in world markets where factors other than price, such as quality, punctual delivery, reliable service and long-term planning determine competitiveness.

Britain has lost the small gains it appeared to make last year in competitiveness. The EMF attributes that setback to British industry's virtual specialisation in low-value products, which bring it increasingly into competition with Third World countries where wages are lower and productivity is rising fast.

Three countries – Taiwan, Singapore and Hong Kong – are also neck and neck in the newly industrialised countries' competitiveness stakes.

Singapore's impressive results are underscored.

The ranking of OECD countries was: 1 Japan, 2 US, 3 Switzerland, 4 West Germany, 5 Denmark, 6 Canada, 7 Sweden, 8 Netherlands, 9 Norway, 10 Finland, 11 New Zealand, 12 Austria, 13 Belgium/Luxembourg, 14 Australia, 15 Britain, 16 France, 17 Ireland, 18 Italy, 19 Spain, 20 Turkey, 21 Portugal, 22 Greece.

The ranking of developing countries was: 1 Taiwan, 2 Singapore, 3 Hoog Kong, 4 South Korea, 5 Malaysia, 6 Thailand, 7 Brazil, 8 India, 9 Mexico.

EMF Foundation, 53 Chemin des Hauts-Crêts, CH-1223 Cologny, Geneva, Switzerland.

Exploration in UK North Sea likely to show steep decline

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

NORTH SEA exploration is likely to be cut by 40 per cent in the second balf of this year compared with the level of activity a year ago, according to a survey of oil companies.

The unpublisbed survey, by the UK Offshore Operators' Association (UKOA), suggested that the total number of exploration wells drilled this year in the UK sector of the North Sea would be about 125, some 20 per cent fewer than in 1985 as a wbole.

However, exploration in the first half of the year maintained roughly the same pace as in 1985, mainly because oil companies did not want to abandon projects under way, even when the oil price fell to $10 a barrel.

As a result, UKOA believes the cutback in the second half of the year will be especially severe.

The usual pattern is for drilling to increase in the summer months when the sea is calmer. But drilling activity has fallen hack sharply in the last two months, with about 41 of the 111 available rigs now idle, according to Gilbert Elliot's "Drilling Weekly." Almost balf the 60 availahle semi-submersible rigs are now laid up.

The fleet of North Sea support vessels has also been badly affected, with more than 40 vessels now unable to find work.

The collapse of exploration activity has resulted in a steep reduction in the rates paid hy oil companies to hire rigs. Daily rates for a semi-submersible rig have fallen to around $17,000, about 40 per cent less than rates last year.

The decline in exploration activity has been slower to affect the North Sea than the US, where only about 730 rigs are now operating compared with 1,930 a year ago. That is partly because the larger North Sea operators reacted relatively slowly to the collapse of oil prices and partly because the price of gas has fallen more slowly in the North Sea than in the US.

However, the fall in North Sea exploration activity is unlikely to be reversed if oil prices recover this autumn. That is because the cuts in exploration budgets, ranging from about 30 per cent to 50 per cent, were generally made on the assumption of a $15-to-$18-a-barrel oil price. Many oil companies would want to be sure that oil prices would stay at $18 or more a barrel before they risked increasing outlays on exploration.

For many of the prospects now being explored in the North Sea, production costs would be at least $15 a barrel and in some cases over $25. The incentive to explore has therefore been much reduced, even for those oil companies which expect an eventual recovery in oil prices.

Opec cuts may hit shipping, Page 3

Singer distributor plans flotation

BY RICHARD TOMKINS IN LONDON

EUROPEAN HOME Products, the company formed last year to take over the marketing of Singer sewing machines in Europe from Singer of the US, is to be floated on the London stock market in three weeks through an offer for sale.

EHP holds the distribution rights to Singer-hranded products in 12 European countries, and it owns or franchises more than 2,000 Singer shops.

About 44 per cent of its turnover – projected at £120m ($179m) this year – comes from selling Singer sewing machines. The rest comes from sales of fabrics, wool and haberdashery, knitting machines, and other electrical goods, and there is also an industrial products division, which accounts for 15 per cent of sales.

Its offer for sale next month will be sponsored by de Zoete & Bevan, the stockbroker. It will raise between £15m and £20m, most of which will go to EHP, and will value the company at about £45m.

EHP acquired the European rights to what is one of the world's strongest brand names in a deal last August worth only £10m.

Singer, the company that invented the mass-produced sewing machine more than 130 years ago, disposed of the operations in line with its policy of selling off unprofitable husinesses and diversifying into aerospace and military products.

With the sewing machine market highly mature and strong competition emerging from the Far East, Singer's European marketing operations bad turned into losses several years earlier and severe restructuring had failed to bring them back into profit.

In a further move away from its traditional business, Singer announced in February that its sewing-machine manofacturing operations were to be spun off to a newly formed US company called SSMC.

The European operations were bought out by a group of investors headed by EHP's present chairman, Mr Harry Gittes, and backed by a range of institutions. The management, whicb had tried to organise its own buy-out, stayed in place with Mr Douglas Ash as managing director.

EHP now operates in Austria, Belgium, Denmark, Finland, Italy, the Netherlands, Norway, Sweden, Spain, Portugal, West Germany and the UK.

US tax plan over hurdle

Continued from Page 1

be introduced as deductions were withdrawn.

- Tax incentives for Individual Retirement Accounts (IRAs), a popular middle-class perk, would be sharply reduced for high-income earners and those already covered by pension plans.
- Business meals and entertainment (the so-called "three-martini lunch") would be only 80 per cent deductible, instead of the current 100 per cent.

Bombardier wins Canadair

BY ROBERT GIBBENS IN MONTREAL

BOMBARDIER, the heavy transit equipment, snowmobile and defence products group, has emerged as the successful hidder for Canadair, the state-owned Montreal airframe manufacturer.

The decision is due to be announced today. The value of the deal is believed to be between C$100m (US$72m) and C$150m.

Bombardier will share a C$1.2bn 15-year fighter maintenance contract with Bristol Aerospace of Winnipeg. Bombardier had wanted the whole maintenance contract for Canadair.

Canadair makes the Challenger business jet, a water bomber and defence products and is a sub-contractor to Boeing and other aircraft manufacturers.

Canadair was profitable last year after showing recovery from losses of C$184.5m in 1983, just before the restructuring.

However, the size of a minority holding in Canadair to be retained by the Federal Government has yet to be settled, as has a liability agreement covering the Challenger jets.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	S	28	82	Malta	F	30	86	Rhodes	S	30	86
Algiers	S	34	93	Edinburgh	C	16	61	Manchester	S	16	61	Rio de J'o	S	20	68
Amsterdam	F	17	63	Faro	S	23	73	Manila	R	29	84	Rome	S	29	84
Athens	S	32	90	Florence	R	32	90	Melbourne	R	13	55	Salzburg	F	20	68
Bahrain	S	37	99	Frankfurt	F	24	75	Mexico City	–	–	–	San Francisco	C	15	59
Bangkok	R	32	90	Funchal	F	25	77	Miami	S	25	77	Seoul	C	25	77
Barcelona	S	28	82	Geneva	S	30	86	Milan	S	30	86	Singapore	F	33	91
Beirut	F	29	84	Gibraltar	S	29	84	Montreal	C	21	70	Stockholm	C	16	61
Belfast	C	14	57	Glasgow	F	17	63	Moscow	R	14	57	Strasbourg	C	25	77
Belgrade	S	31	88	Guernsey	F	17	63	Munich	S	23	73	Sydney	F	19	66
Berlin	R	21	70	Helsinki	R	12	54	Nairobi	–	–	–	Taipei	S	33	91
Biarritz	F	24	75	H. Kong	C	29	84	Naples	R	31	88	Tangier	S	25	77
Bombay	D	29	84	Innsbruck	F	24	75	Nassau	C	32	90	Tel Aviv	S	33	91
Bordeaux	S	26	79	Inverness	C	13	55	New Delhi	R	35	95	Toronto	S	31	88
Brussels	F	19	66	Islamabad	F	28	82	New York	C	25	77	Tokyo	C	29	84
Budapest	S	29	84	Istanbul	C	30	86	Nice	S	27	81	Tunis	S	33	91
B. Aires	C	11	51	Jakarta	C	30	86	Nicosia	S	31	88	Valencia	R	33	91
Cairo	S	33	91	Jersey	F	20	68	Oporto	C	19	66	Venice	S	28	82
Cape Town	S	17	63	Jo'burg	S	21	70	Oslo	F	17	63	Vienna	S	20	68
Caracas	C	27	81	Lima	C	18	65	Paris	C	23	73	Warsaw	S	25	77
Casablanca	S	24	75	Lisbon	C	22	72	Peking	C	27	81	Washington	C	24	75
Chicago	R	18	64	London	C	20	68	Prague	S	23	73	Zurich	S	24	75
Cologne	S	21	70	Los Angeles	F	16	61	Reykjavik	C	12	54				
Copenhagen	F	17	63	Luxembourg	S	23	73								
Corfu	S	31	88	Madrid	R	29	84								
Dallas	R	26	79	Majorca	S	29	84								
Dublin	F	16	61	Malaga	S	34	93								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Peru defies IMF move

Continued from Page 1

proposals in September, but it seems unlikely that, even if that takes place, it could achieve very much. Bankers say they have their hands full with Mexico's $12bn rescue.

The possibility of conciliation, however, continued to be held out at Friday's IMF meeting, at which Peru is understood to have assured the board that it did intend to honour its commitments and to keep up a dialogue with the Fund.

Like most other Latin American countries, Peru has been repaying no principal on debt to official creditors and banks since shortly after the developing-country debt crisis arose in autumn 1982.

Turner loses $93m

By Paul Taylor in New York

TURNER Broadcasting Systems (TBS), the Atlanta cahle-television and broadcasting group controlled by Mr Ted Turner, has reported a $92.96m operating loss in the second quarter. TBS blamed costs resulting from the group's $1.5bn acquisition of MGM this year and a $26m loss on the Goodwill games staged in Moscow last month.

The second-quarter loss compares with operating profits of $7.06m or 32 cents a share a year ago and came on revenues that jumped to $158.1m from $99.33m.

After including $7.1m in earnings from MGM assets which TBS has earmarked for sale, the group reported a net loss of $85.85m or $4.73 a share. That compared with a net loss of $6.67m or 31 cents a share in the same quarter last year, when TBS took a $13.73m extraordinary charge related to its aborted CBS takeover bid.

TBS said the losses reflected increased amortisation totalling $45m and interest expense totalling $60m related to the recently completed MGM acquisition. They were also caused by an accrual in the latest quarter of losses incurred in July from the Goodwill games.

The group added that while the Goodwill games' loss represented a one-time charge, "future operating results will continue to reflect comparable charges for debt service and amortisation related to the MGM acquisition and, accordingly, it is anticipated that such future operating results will continue to reflect large net losses."

The group noted that, as an initial step in reducing its heavy debt burden, it had agreed to sell all the MGM non-film library assets for about $460m.

Murdoch buys Boston TV station

By Our New York Staff

MR RUPERT MURDOCH, the publishing and media magnate, has agreed to buy WXNE-TV, an independent Boston television station owned by the Christian Broadcasting Network. Terms of the deal were not disclosed but analysts estimate the price at about $30m. The acquisition represents a further step in Mr Murdoch's attempts to build a fourth US national television network.

Mr Murdoch's Fox Television group already owns six independent television stations in New York, Chicago, Los Angeles, Washington, Dallas and Houston, which were acquired for $2bn from Metromedia, the conglomerate headed by Mr John Kluge.

At the time of the Metromedia purchase, first agreed in May 1985 and completed last March, Fox Television sold on a seventh television station – the larger Boston-based WCVB-TV – to the Hearst publishing group for $450m.

By now adding a Boston station, Fox outlets will reach 25 per cent of all US households. However, the acquisition of the Boston TV station might force Mr Murdoch, who already owns the Boston Herald newspaper, to sell the title, which he acquired from Hearst in 1982.

US Federal Communications (FCC) rules do not allow ownership of both newspapers and television stations in the same market. However, Fox's parent, News Corporation, is expected to seek at least a temporary waiver of the FCC rule. Mr Murdoch faces a similar question in New York, where News Corporation owns the New York Post.

THE LEX COLUMN

A discount for premiums

The London equity market is not so prosperous a place that it cen afford to ignore a sector that is moving dramatically into profit, plugging its capital base and showing dividend growth streets ahead of its 10-year record. The composite insurers – above all, those with large exposure to the US insurance recovery – ought to be the last hull market in town. After all, the insurance industry has always tended to suck in capital when manufacturing returns lcok dodgy. If it is time to sell GKN, it may be time to huy Commercial Union.

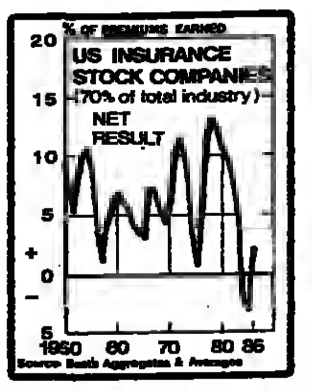
The composite insurance sector has made precisely no progress relative to the market this year. The companies continue to trade at discounts to net worth exclusive of their life businesses, as if their shareholders' funds were simply investment trusts and their non-life insurance operations not spectacularly profitable, as they are, but a millstone, which they have been. Despite dividend growth at last outstripping the market average, the composites stand at a useful yield premium.

Dividend

The market treats the good news from the US as old hat. It warmed to General Accident's 25 per cent increase in its interim dividend. But when the Royal trotted out its tale – 40 per cent increase in US premiums in the six months and a trebling of commercial premium rates over two years ago – the market yawned and sold.

The US insurance industry is capitalism's answer to hell: there is no barrier to entry, but it is very hard to get out. CU was forced to seek escape when it could no longer finance its US business, but the cost of shrinking premiums when claims and expenses expand unabated has been appalling.

Because the market is so efficient; and new capital (from shareholders) quickly converts into lower prices (for policyholders), the US underwriting cycle has been a roller-coaster for a half a century. Just two years into the cyclical upturn, London and Wall Street are already scanning the horizon for storm clouds. The clouds are certainly forming: the US industry has raised over $10bn in new equity capital alone since mid-1984, captive insurance operations or industry pools are again proliferating in Bermuda, and premium rates are under pres-



sure from regulators. For the bears, the very strength of the US upturn shown in the UK composites' last two sets of quarterly results is evidence of its brevity.

But the chart should show, if management scar-tissue does not, that the current cycle is not the cosy five-year switchback of fable. The last US upturn was artificially prolonged by the historic explosion in real interest rates at the beginning of the 1980s. Dead manufacturing capital was being converted into insurance capital to earn investment returns long after underwriting profits had vanished into the competitive maw of a mature industry. When premium rates fell alongside interest rates and collided with a boom in claims from a resurgent economy, the US insurance industry was – by any standards but those of America – bust.

It could be that the industry has no memory and will again launch a suicidal dash for market share, but not quite yet: with interest rates tending downwards, and asset values going nowhere in particular, underwriting profitability matters more than ever. The US industry so blatantly overstated reserve adequacy in 1984, that it could probably commit another $10bn of capital to its business just to hold a realistic solvency ratio – that is, premium income to shareholders funds – of 2:1. Premium income is growing fast enough from rate increases alone. Capital is required merely to support a higher book of business with no increase in exposure.

The industry needs some of the money to repair balance sheets holed by provisions against reinsurance that cannot be collected. Many reinsurers have found Bermuda too crowded and retired somewhere a little more remote. With a hundred-odd companies failed or closed, capacity in reinsurance is tight: there is no immediate danger of a repetition of the late 1970s, when cheap reinsurance put additional downward pressure on rates in the primary market. As for general liability, once America's growth insurance line, there is no new primary capacity at all except at penal rates and there will be none until the trend towards tort reform becomes clearer. Such industry captives as are taking root in Bermuda are desperate acts of companies that cannot otherwise find cover for their products or directors. This may be business lost to the industry, but who would want it?

Royal's $15m in special reserving at the second quarter was a straw in the wind. Rather than under-reserve in order to squeeze out some profit, as in 1984-85, the US industry is most likely to defer profit – and the cyclical peak in profit – by not discounting reserves. The dangers of premium-capping are not confined to insuring kindergartens in Florida. Rates are still weak in personal lines, and it is not easy to convince regulators of the virtues of higher motor premiums when profits are going through the roof.

Inflation

The UK composites are not the companies of the last US upturn in the second half of the 1970s. The recovery might not have occurred for all their shareholders got out of it. Inflation pushes up premiums and claims but gnaws at the reserves and capital to support them. Balance sheets were so demolished by the 1974 collapse in asset values that none of the UK companies with American exposure could finance the growth in premiums from retained profits. The result was rights issues in surfeit and dividend growth slower than the market.

The composites now enjoy the advantage of low inflation and balance-sheets brimming with capital profits from the equity and bond markets. If assets are under used, the discount in share prices may be justified: General Accident stands on a 1:1 solvency ratio, but even Commercial Union would be considered undergeared by US standards, where share prices stand at a premium to net worth. A decision to start paying out capital profits on shareholders' funds would help close the discount; but even if GA pays its dividend from operations, 25 per cent is still twice the market average.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday August 18 1986

Euroyen market provides a spark for August trading

BY CLARE PEARSON IN LONDON

THE EUROBOND market does not need a full complement of professionals to manage a modest rally when interest-rate cuts are in the air, it seems.

Leading lights of the market were more frequently sighted on the beaches of the south of France than in the financial hubs of Europe last week, but turnover improved in most centres anyway.

The Euroyen market in particular witnessed unusual activity. "This is one of the most interesting summer markets I've ever seen," said one Euroyen trader.

Multi-currency funds in continental Europe and, increasingly, Britain are currently drawn to this market as hopes rise that the yen will test the Y150 resistance level against the dollar. This has led to some switching into yen-denominated securities, especially out of guilders and D-Marks. It is widely believed that Japanese rates must be cut to fuel domestic demand, and the key No. 78 Japanese government bond last week broke through the 4.60 per cent yield barrier.

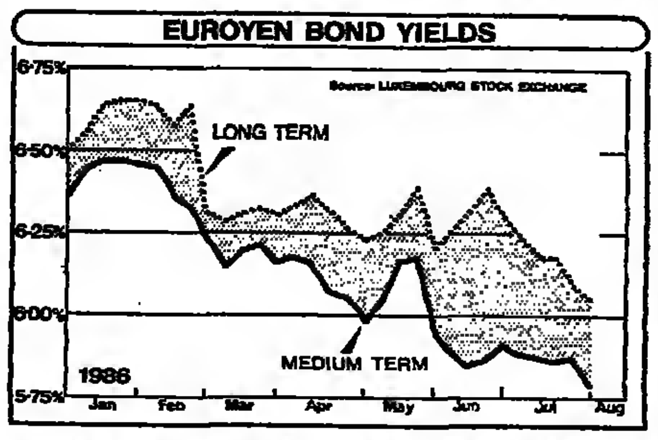
Although some investors are still waiting for a clearer direction before buying, prices still moved up by about ⅜ point last week. Some quality paper was thin on the ground while bargain-hunters were picking up issues that became distressed when the market was very long of paper a few months ago.

This favourable background enabled Nomura International to launch a new "benchmark" bond: a Y30bn 10-year deal for Nippon Telegraph and Telephone (NTT) which traded close to its issue price.

European investors have before NTT's deal proved indifferent to Euroyen deals for Japanese corporates, preferring more familiar credits, such as US-based multinationals and sovereigns.

But NTT's success cannot be explained by the view that it was earmarked for eventual distribution in Japan, since the company paid about 40 basis points less in yield than would have been required in the Japanese domestic market.

Dealers viewed NTT's deal as a landmark in the progress of this market and speculated that in due course even issues for Japanese municipalities may become viable.



The Euroyen market has been growing rapidly at the expense of the Samurai market, the Japanese domestic market for foreign borrowers, for some time. Deals are more quickly arranged in the Euroyen than in the Samurai market, making currency swaps easier, and interest rates are lower.

The dollar sector also improved modestly last week although "the ice is still thin," as one dealer put it. Another fall in interest rates is probably fully discounted in prices while investors fear that rates have not much further to fall. Yield margins over US Treasury bonds continue to widen.

Nevertheless, longer-dated issues for some time out of favour with many investors who have been fearful that rates might rise, have been attracting renewed attention.

British Telecom stole the limelight on Friday with a 10-year deal, which was only the second triple-A rated British corporate Eurobond. Competition for this glittering mandate was tough; one house was said to have suggested a coupon level representing a spread over US Treasury bonds of only 20 basis points.

In the event, the deal was priced by Morgan Guaranty on Thursday night with a coupon of 7⅛ per cent and price of 100⅛ to return 58 basis points over US Treasury bonds. Those responsible may still have had an uneasy time before Friday morning given that the only comparable deal, a triple-A rated bond for Marks and Spencer, was trading at a yield margin of about 70 basis points.

But the deal reaped the benefits of BT's name recognition, established when it was partially floated outside Britain in November 1984. The bond was quoted late in the day at 99⅝.

Most other new fixed-rate deals met reasonable demand. Partly paid bonds reappeared in the market as both Merrill Lynch and Postipankki, the Finnish bank, launched two-tranche issues incorporating this feature.

The attraction for the borrower of the partly paid structure is the cost saving on a swap. The structure presents more problems for the issuing house, which must attract both "regular" buyers of fixed-rate bonds and speculative investors. Those should be drawn to such a bond as it enables them to take a view on interest rates prior to payment for a fraction of the bond's face value.

In practice, many partly paid deals have not gone down well with this type of investor, because of fears that the bond will not trade actively. Merrill Lynch's and Postipankki's deals bypassed this problem, however, since their partly paid tranches become interchangeable with the fully paid bonds at payment in a year's time.

The market for Japanese equity related bonds improved noticeably last week, as the Tokyo stock market hit dizzy new heights. Recently, some issues for second-tier corporate names have been tarnishing the reputation of this money-spinning area, as some have sunk to discounts to issue price of as much as 10 points.

Wako Securities, however, proved last week that this market was still healthy, with a new deal quoted on Friday at 5 points over issue price on the bid side.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,306.4	261.8	2,123.0	2,875.3
Prev	1,163.9	195.3	657.0	2,642.8
Other	838.2	0.1	—	138.0
Prev	2,101.8	—	18.6	448.0
Secondary Market				
US$	17,289.5	1,212.1	11,094.2	4,781.1
Prev	18,617.9	1,213.4	12,128.4	5,126.5
Other	10,919.8	93.6	1,273.0	3,637.3
Prev	10,780.4	114.9	1,378.9	3,768.2

	Cedel	Euroclear	Total
US$	11,006.5	29,857.9	40,863.4
Prev	12,728.0	29,017.2	41,745.2
Other	7,913.4	8,987.6	16,901.0
Prev	8,891.9	9,726.9	18,618.8

Week to August 14 1986 — Source: AIBD

Credits continue in lull of summer

ALL EYES were turned eastwards last week as the summer lull continued in the Eurocredit market, writes Alexander Nicoll in London.

Malaysia is expected to award the mandate imminently for its $350m loan, for which at least two groups of bidders have been assembled. India's Oil and Natural Gas Commission is seeking bids for up to $500m. Amid much jockeying among the potential bidding groups, the deadline has been extended until next week. Pakistan is understood to have mandated a $100m loan. Bids are also going in for a loan of up to $100m for Cyprus.

Colorado Interstate Corporation has replaced a $350m issuance facility signed a year ago with a smaller $200m facility, preferring to raise funds instead in the domestic market. The new deal, arranged by Orion Royal Bank, has a five-year maturity, as did the previous one, and a 35 basis point facility fee for the extra year.

General Instrument's revolving underwriting facility has been increased from $100m to $160m while Alcan's $120m deal has obtained 12 lead managers.

Alan Bond to bid for mines

CASH BIDS of 75 cents a share for Australia's Mid-East Minerals and 90 cents for Metals Exploration are to be made by Dallhold Investments, the family concern of Australian entrepreneur Mr Alan Bond, writes **Kenneth Marston** in London.

Dallhold already owns 58.53 per cent of Mid-East, which in turn has 42.22 per cent of Metals Exploration. The latest bids value the two companies at A$56.7m (US$35.4m).

● Work carried out by the Warren Spring UK government research laboratory at Stevenage has provided a new method of extracting gallium, the electronics industry metal, which could lead to an early start of mining at West Coast Holdings' 50 per cent-owned Brockman ore deposit in Western Australia.

Eurobond houses search for the 'perfect hedge' in futures

BY ALEXANDER NICOLL IN LONDON

LOSSES reportedly incurred by some major Eurobond houses in this year's choppy markets have given new importance to debate about Eurobond futures.

At least in theory, futures would allow Eurobond issuers and traders to hedge their positions more accurately than by using US Treasury bonds or T-bond futures and options as they might at present. If not the elusive perfect hedge, they might offer better protection when yield spreads between the US and Eurobond markets fluctuate widely as they have this year.

The London International Financial Futures Exchange (Liffe) has been trying for years to create a contract. Now it has a renewed effort under way, in partnership with the Chicago Board of Trade (CBOT). The hope is to begin trading a contract in London some time next year. Other exchanges are interested, but the Liffe/CBOT venture seems to be pursued with more commitment than any other.

There are two key problems in setting up a contract upon which futures or options could be traded. First, an index must be made up of a representative list of bonds with adequate means of replacing constituents when necessary. Secondly, trading prices for the constituent bonds must be collected in timely fashion and in a manner which will ensure independence and reliability.

The first of these problems has been lessened by the CBOT's experience with its municipal bond futures contract. The contract was set up through a complex agreement between the exchange, bond dealers and the Bond Buyer newspaper, which gives its name to the index upon which futures are traded. Though municipal bond futures have not developed large volume, it has at least been shown that a bond index contract can be created.

The Eurobond market is diverse, covering many currencies, maturities, structures and types of borrower. Futures are likely to start simply with dollar straight Eurobonds. Even then, it is not easy to pick a representative sample.

Liffe has made a start by simulating an index of 30 bonds. It has formed an *ad hoc* committee with a number of major Eurobond trading houses and is asking them informally to contribute prices in order to help monitor an index.

In the longer run, the Association of International Bond Dealers (AIBD) is expected itself to have indices which could be traded. But for the time being, it appears content to let the exchanges experiment. Liffe, for its part, is unlikely to attempt anything that would upset the AIBD.

The second problem, that of getting prices, is even tougher. Clearly, futures exchanges and their regulators would need to be sure that an index could not be manipulated. It would not be sufficient to collect prices from just a few market-makers.

Market-makers currently inform the AIBD of their closing prices. These are compiled by late evening into a daily list which is issued next morning. Even this is a considerable improvement on what was available until recently.

The AIBD also compiles indices, but these are of quoted rather than traded prices. An index to be traded would need to be sure of prices being updated hourly or even more frequently, and it is difficult to see how this could be done soon.

Current thrusts within the AIBD could improve the situation. If a study with the National Association of Securities Dealers bears fruit, the AIBD could introduce an automated price quotation system, and prices could presumably be extracted on a real-time basis. But automation, even if backed by the AIBD membership, must still be several years away.

Proposals still being debated – the next full meeting is scheduled for September 19 – for a register of reporting dealers with obligations to make and disclose prices would also make it easier to compile a reliable index.

So with the AIBD fully occupied by other projects, and Eurobond houses unlikely to wish to invest too much themselves in helping to develop a contract, the onus is squarely on the exchanges. Even if they succeed, there would be doubts about liquidity as with any new futures contract. The Chicago exchanges will be reluctant to repeat their experience with over-the-counter stock index contracts, which have failed to generate significant volume despite millions of dollars worth of marketing.

Boliden chiefs resign posts

MR JOHN DAHLFORS, group chief executive at Boliden, the Swedish metals, chemicals, and mining group, and his deputy Mr Magnus Schmidt, have resigned from their posts, writes Sara Webb in Stockholm.

Trelleborg, the Swedish rubber products group, bought a 40 per cent stake in Boliden last April. In a management reshuffle, Mr John Dahlfors moved from managing director of Boliden to group chief executive.

Mr Kjell Nilsson, a former divisional head of Trelleborg, took over as managing director of Boliden.

US MONEY AND CREDIT

Bonds soar on hopes of discount rate cut

THE Federal Reserve Board's policy-making Federal Open Market Committee (FOMC) meets tomorrow against the backdrop of a still sluggish US economy and a market conviction that another discount rate cut is coming—maybe not this month but probably next.

Reflecting this, interest rates eased across the spectrum last week, prompting corporate treasurers to bring a $4.5bn flood of new issues to market—most of which were well received.

US money market rates fell by up to 25 basis points as the Fed funds rate traded down to the 6 to 6.25 per cent level. While some Fed watchers cautioned that the low Fed funds rate might not reflect an overt Fed policy move, short-term rates are now consistent with expectations of a lower discount rate.

The immediate catalyst for this bullish sentiment was reports that Mr Paul Volcker, the Fed chairman, in meetings with Mr Karl Otto Poehl, the president of the Bundesbank, last weekend, struck a deal on co-ordinated interest rate cuts and support for the dollar.

While the evidence for such an agreement is far from conclusive, the US credit markets at least believe lower rates are on the way. The question for most analysts now is when rather than whether.

Some observers suggest that a Fed easing could come before the end of the month but most money is on a co-ordinated round of cuts sometime around the next G5 meeting late next month—coincidentally the anniversary of the historic Plaza Hotel G5 meeting.

Even without West German participation — something that now seems more likely given the D-Mark's appreciation and slow domestic growth — some, like Mr Philip Braverman of Irving Securities, believe the Fed will cut the discount rate from its current 6 per cent.

"The Bundesbank is unlikely to ease. But the Fed, and quite possibly the Bank of Japan, should ease by one-half per cent in September," he says.

Such expectations are given force by the latest US domestic economic data which at best show the US economy stumbling along. While the 0.1 per cent decline in US industrial production in July—leaving it a paltry 0.1 per cent above the year-earlier level—hints at a bottoming out of the recession in manufacturing industry, market watchers like Mr Peter Greenbaum of Smith Barney none the less agree that the data continue to argue for further monetary accommodation.

The second-quarter gross national product (GNP) revision is not expected to show much change from the original 1.1 per cent growth estimate, but other data due out shortly, including the August employment statistics on September 5, are expected to point towards continued weakness.

Meanwhile, renewed monetary growth is not generally seen as a limiting factor on the Fed. The FOMC has already officially downgraded M1, the basic money supply measure, but now M2 and M3, which both showed big jumps in the July statistics released last week, are heading towards the top of their target bands.

In particular, M2 has grown at an annual rate of 8.5 per cent since the fourth quarter of last year compared with the Fed's 6 to 9 per cent target range. While a few economists believe the recent rapid growth in the broader money measures—which can in part be explained by the M1 constituent itself—could divert FOMC attention from the state of the economy, most believe that rapid, or even above target, M2 growth would keep the Fed from maintaining an accommodative monetary stance.

"Persistent economic weakness, the threat of recession, continued worldwide deflationary pressures, and broad-scale financial vulnerabilities are the primary forces driving the Fed to ease further," says Mr Braverman.

Indeed such domestic pressures were clearly in evidence last week as the Federal Deposit Insurance Corporation (FDIC) was forced to step in to rescue the second major Oklahoma banking group within a month—and a series of resignations at BankAmerica raised new questions about the timing of a long-awaited turnround at the nation's second largest banking group.

In any event, there was little doubt that hopes of lower interest rates were driving the US credit markets last week. As T-bill and other short rates fell, bond prices soared.

In the government market investors shrugged off doubts about the now apparently stalled deficit reduction efforts—and increasingly doubtful tax reform legislation—and pushed bond prices higher. Gains ranged up to two full points with the treasury long bond posting a 1½ points gain for the week sending the 30-year yield tumbling back down under 7.30 per cent from over 7.5 per cent.

Overall, short- and long-term yields are now retesting their 12-month lows.

In other sectors of the US credit markets, municipal bonds received an added boost from concerns that the tax legislation now in Congress could lead to a drying-up of supply—although some also cautioned that demand, particularly bank demand, could also fall off.

Paul Taylor

US MONEY MARKET RATES (%)

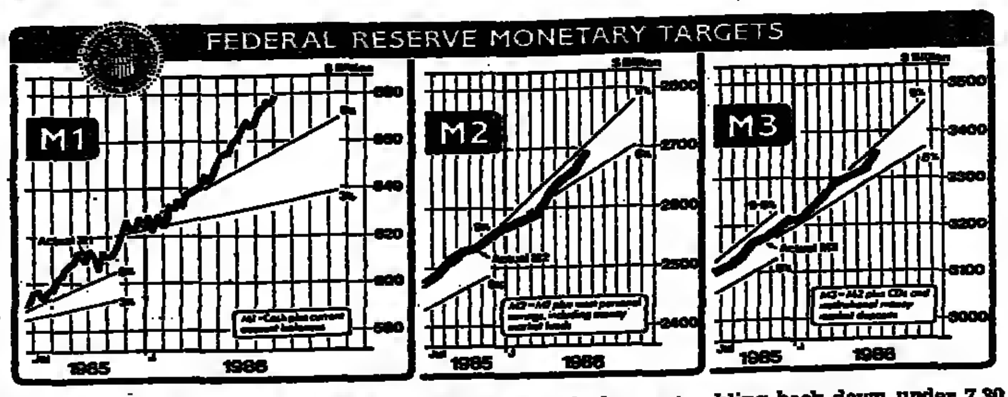
	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.25	6.32	6.46	5.91	8.25
Three-month Treasury bills	5.50	5.68	5.79	5.40	5.50
Six-month Treasury bills	5.54	5.70	5.77	5.46	5.54
Three-month prime CDs	5.65	6.10	6.32	6.10	8.02
30-day Commercial Paper	6.10	6.20	6.30	6.05	8.10
90-day Commercial Paper	5.95	6.13	6.25	6.00	8.05

US BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	101¾	+¾	7.01	7.17	7.05
20-year Treasury	117½	+2	7.62	7.79	7.70
30-year Treasury	99¾	+1½	7.29	7.42	7.18
New 10-year "A" Financial	N/A	N/A	8.25	8.40	8.50
New "AA" Long utility	N/A	N/A	9.12	9.35	9.25
New "AA" Long Industrial	N/A	N/A	8.87	9.12	9.00

Money Supply: In the week ended August 4 M1 rose by $2.7bn to $675.8bn. In July M2 rose by $28.1bn to $2,667.7bn and M3 rose by $35.7bn to $3,358.5bn.
Source: Salomon Bros (estimates).

FEDERAL RESERVE MONETARY TARGETS



UK GILTS

Still stuck in the same narrow trading band

WHILE LONDON equities continue their helter-skelter performance, the UK gilts market is still stuck in the same narrow trading band. Sterling has recovered some of its lost ground and the deceleration of retail price inflation continues apace, but long gilt yields run up against the 9.5 per cent barrier, and fail to make a dent in it.

Over the past two weeks share prices have provided enough excitement for all but the strongest stomachs. The FT-SE 100 share index first fell by 2½ per cent in a week, and then climbed by 5 per cent the next week.

In the gilts market, however, the quiet life has held sway. Yields on the FT Actuaries 25-year high coupon series edged up from 9.56 to 9.58 per cent, and then down again to 9.50 per cent.

The index-linked sector has been exciting only by contrast to conventional gilts. Even when equities were falling fastest, the yield gap widened only from 58 basis points to 63. It has now returned to 53 points, maintaining the index-linked record of outperforming mainly by standing still while others fall, rather than by doing any spectacular climbing of its own.

Mr David Shaw of broker Greenwell Montagu believes that index-linked gilts will continue to do this and must be the preferred option as a hedge against the increasing risk attached to mainstream UK investments in the run-up to the next general election.

He argues that the 90 basis point rise in conventional yields since the market's peak in mid-April, while index-linked yields have remained virtually unchanged, reflects an upward revision in investors' inflation expectations of nearly 1 percentage point.

This would certainly seem to be borne out by the deadpan reception the gilts market accorded to Friday's announcement of the retail price index (RPI) for July. The 0.3 per cent fall in prices, taking the annual rate of inflation down to 2.4 per cent, was certainly much better than had been expected, but it did little to improve gilt prices.

In part, this may have been due to a sombre appraisal of the factors behind the fall in retail prices, many of which seem likely to be reversed in coming months. In particular, July could be the last month in which the RPI benefits from falling petrol prices, even though only Shell was quick enough with its announcement of a 7p price rise to catch the August index compilation date.

In addition, some rebound in fuel, clothing and durable goods prices is likely once the summer sales and discounts come to an end, while fresh vegetables, the heroes of the piece in July, may also move upwards again. There is also last autumn's cut in mortgage interest rates, which will shortly drop out of the year-on-year calculations.

This should bring the rate, as measured by the RPI, more into line with the rate excluding mortgage interest, helpfully supplied by the Treasury in its eagerness to prove that the achievement of lower inflation is no fluke due only to the vagaries of the money market. This rate fell to 3.2 per cent in July from 3.3 per cent in June.

The other reason why gilts did not react more favourably to the inflation figures was the 8¾ per cent Treasury 2007 tap, now fully paid. The Government Broker cut the selling price by 1½ points on Monday, but there was not enough demand, even at that level, to take out the whole of the issue.

All that this exercise appears to have achieved was to convince those who were already worried about the public sector borrowing requirement that the authorities were desperate to secure some funding in the August banking month.

Friday's rally took the price of the 2007 stock up to the level at which it had been supplied, but the good news on inflation was not enough to take it any further. Although the index-linked 2020 tranche fared better and was exhausted on Thursday, some of this may have reflected switching out of the 2016 stock, and the doubters remain convinced that the authorities will fund into any small rally in the index-linked sector.

George Graham

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11¾ 94	[illegible]	[illegible]	[illegible]	[illegible]
AIEC 11 88	[illegible]	[illegible]	[illegible]	[illegible]
Alcan Australia 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]
Amer Saving 12 89	[illegible]	[illegible]	[illegible]	[illegible]
Amer Saving 12½ 89	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bk 11¾ 89	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9¾ 91	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11¾ 90	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11¾ 95	[illegible]	[illegible]	[illegible]	[illegible]
Austria 11¾ 98	[illegible]	[illegible]	[illegible]	[illegible]
Avon Fin 10¾ 92	[illegible]	[illegible]	[illegible]	[illegible]
Bk Nova Scotia 12¼ 87	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 12¼ 92	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 13¾ 91	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 11¾ 93	[illegible]	[illegible]	[illegible]	[illegible]
BMW O/S Fin 10¾ 91	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 11½ 92	[illegible]	[illegible]	[illegible]	[illegible]
Br Col Hydro 12¼ 14	[illegible]	[illegible]	[illegible]	[illegible]
Br Col Hydro 12¾ 14	[illegible]	[illegible]	[illegible]	[illegible]
Br Col Hydro 15¼ 88	[illegible]	[illegible]	[illegible]	[illegible]
Britoil Fin 11¾ 89	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat En 11¾ 95	[illegible]	[illegible]	[illegible]	[illegible]
Canada 10¾ 88	[illegible]	[illegible]	[illegible]	[illegible]
CBS Inc 11¾ 92	100	107⅛	−0⅛	9.76
Centrust S & L 10	1.2bn	11⅛	+0⅛	9.54
Chesebrough 12 93	100	110⅛	+0⅛	8.72
Chubu Elec Pwr 13⅞ 91	50	113	0	9.85
Citicorp 10 88	200	106	+0⅛	7.26
Citicorp 11⅞ 92	100	108⅝	−0⅛	8.10
Citicorp 11⅞ 97	200	108⅝	+0⅛	10.33
Citicorp O/S 10⅛ 00	100	102⅛	e	9.60
Citicorp O/S 11⅛ 90	100	104⅝	−0⅛	10.30
CNCA 11½ 92	125	115⅛	+0⅛	7.80
CNCA 13⅛ 91	100	121⅛	+0⅛	7.75
Coastfed Int 12⅛ 88	125	106½	+0⅛	8.06
Coca-Cola 11⅛ 88	100	108⅝	+0⅛	8.89
Cn Fn de Paris 13⅞ 89	100	108	e	10.57
Continental Grp 11⅞ 93	75	106⅝	+0½	10.18
Creditanstalt 13⅛ 91	100	119⅝	+0⅛	8.87
Dai-ichi Kangyo 12⅛ 90	100	116⅛	+0⅛	7.77
Denmark 10⅞ 90	100	104⅛	+0⅛	9.20
Denmark 11⅞ 92	100	115⅝	+0⅛	7.88
Denmark 12⅞ 93	100	111⅛	+0⅛	8.94
Denmark 12⅞ 92	250	101⅛	−0⅛	12.34
Denmark 13 91	100	120⅛	+0⅛	7.71
Denmark 13 92	100	101⅛	−0⅛	12.68
Denmark 13⅛ 91	100	121⅛	+0⅛	7.95
Denmark 14 91	100	112⅛	−0⅛	10.89
Digital Equip 11⅛ 89	150	108⅝	e	7.57
Dutch St Mines 11⅞ 91	150	108⅝	+0⅛	9.82
Eksportfinans 11⅞ 92	100	114⅞	+0⅛	7.65
Eksportfinans 11⅞ 90	100	109⅝	+0⅛	8.79
Elec de France 11⅞ 93	100	117	+0⅛	7.76
Elec de France 12⅛ 87	150	106½	+0⅛	6.96
EEC 9⅛ 90	350	106⅝	+0⅛	7.10
EEC 11 87	350	109⅝	0	8.76
EEC 11⅛ 90	100	111⅛	+0⅛	7.14
Elf-Aquitaine 10⅞ 89	100	107	+0⅛	7.62
Ericsson L M 10⅛ 88	100	103⅞	+0⅛	7.43
Euro Inv Bk 11⅛ 90	200	118	+0⅛	7.21
Euro Inv Bk 11⅞ 91	75	110⅞	+0⅛	8.65
Euro Inv Bk 12½ 90	100	116½	+0⅛	7.23
EDC 9⅛ 88	200	104⅛	+0⅛	7.29
EDC 10 89	125	104⅛	+0⅛	8.77
EDC 10⅛ 88	100	106⅛	+0⅛	6.60
EDC 11⅛ 89	150	108	+0⅛	7.03
EDC 12 93	100	113⅝	+0⅛	7.17
EDC 13⅛ 87	100	106⅞	+0⅛	6.87
Fed Dept Store 11 90	100	110	+0⅛	7.57
Finland 11⅛ 89	100	106⅝	+0⅛	8.80
Finland 12⅛ 94	75	120⅝	+1⅛	8.02
Finnish Export 12⅛ 87	75	106⅝	0	7.22
Firstfed Mich 1 13⅛ 88	125	110⅛	+0⅛	8.90
Florida Fed 12⅛ 89	100	106⅝	+0⅛	8.43
FNMA 11.5 91	300	112½	+0⅛	8.46
Gen Elec Cred 0 98	500	44⅛	+0⅛	8.46
Gen Elec Cred 9⅛ 91	100	105⅛	+0⅛	8.38
Gen Elec Cred 10⅛ 90	200	106⅝	+0⅛	8.47
Gen Elec Cred 11 91	200	108½	e	8.14
Gen Elec Cred 11⅞ 87	200	106⅛	+0⅛	10.74
Gen Elec Cred 12 94	200	113⅛	−0⅛	8.52
Gen Foods Cap 11⅛ 00	75	108⅝	+0⅛	8.35
General Mills B 12 91	100	113⅛	+0⅛	8.86
GMCA 10 89	200	104⅝	+0⅛	8.54
Gen Motors Acc 10⅛ 90	200	104⅛	+0⅛	8.81
Gen Motors Acc 11⅛ 00	100	108	+0⅛	9.96
GMAC O/S Fin 15⅛ 87	100	104⅛	+0⅛	10.93
GTE Finance 12 96	75	103⅞	+0⅛	11.30
Gulf Oil 10⅛ 94	100	102⅝	−0⅛	9.85
GZB 14 91	100	121⅛	+0⅛	8.48
Holl Air Fin 12⅛ 91	100	107	+0⅛	10.26
Household Fin 11⅞ 92	100	111⅛	+1	8.86
IBM 9⅞ 88	200	103⅞	+0⅛	9.16
IBM (WTC) 10⅛ 89	300	105½	+0⅛	9.61
IBM Credit 11 89	100	105⅞	+0⅛	8.83
IC Industries 8⅛ 87	35	110½	+0⅛	8.00
IC Industries 12 90	75	105⅝	+0⅛	8.89
Inco 9 92	100	99	+0⅛	9.20
Ind Bk Japan 10⅛ 92	100	108⅝	+0⅛	8.42
Ind Bk Japan 10⅞ 88	100	106⅝	+0⅛	8.80
Ind Bk Japan 10⅞ 95	100	113⅛	+0⅛	8.59
Ind Bk Japan 11⅛ 89	125	107⅞	+0⅛	7.91
Int-Amer Dev 12⅛ 91	150	119⅝	+0⅛	7.94
Int-Amer Dev 11⅛ 94	200	121⅛	+1⅛	8.18
Int Paper 12 91	75	106½	+0⅛	10.13
Int Stand Elec 0 97	112	36⅛	+0⅛	5.96
Int Stand Elec 12 95	75	107⅞	+0⅛	10.63
ITT 11⅛ 89	125	107⅞	+0⅛	8.92
ITT Credit Corp 10⅞ 00	75	106½	+0⅛	8.44
Japan Airlines 12⅛ 94	70	120⅝	+0⅞	8.71
Japan-Dev Bk 10⅞ 92	00	108⅝	+1⅛	5.54
Kellog Co 10⅞ 90	100	107½	+0⅛	8.23
Kellog Co 11⅛ 92	100	110⅛	−0⅛	8.74
Kiewit 10⅛ 90	100	107	+0⅛	8.05
Kimberley-Clark 12 94	100	120⅝	+0⅛	8.41
Kyowa Fin HK 12⅞ 90	100	114⅛	+1⅛	8.13
Long Term Cred 10⅞ 90	100	110	+0⅛	7.60
Long Term Cred 11 00	100	110½	+0⅛	7.52
Long Term Cred 11⅞ 89	100	110½	+0⅛	7.31
Long Term Cred 12 93	100	121	+0⅛	8.06
Macy R H 11⅛ 91	100	105⅝	+0⅛	10.07
Marubeni 11⅛ 91	100	104⅝	−3⅛	10.18
McDonald Fin 11⅛ 94	75	108⅛	+0⅛	8.92
Merrill Lynch 12⅞ 89	100	105½	0	10.20
Michelin 7⅛ 88	58	99	0	8.12
Mitsubishi Corp 10⅛ 92	100	109½	+0⅛	8.48
Mitsubishi Corp 10⅞ 95	200	116⅛	+0⅛	8.84
Mitsubishi Corp 12⅛ 91	100	118½	+0⅛	7.67
Mitsubishi Est 10⅛ 92	50	107⅛	+0⅛	8.68
Mitsubishi Est 11⅛ 88	50	106⅝	0	7.21
Mitsui Fin Asia 12⅛ 92	100	115⅛	+1⅛	8.49
Mitsui Tst Fin 12 91	100	114⅛	+1⅛	8.05
Mobil Corp 10⅞ 90	200	104⅛	+1⅛	8.70
Montreal City 12⅛ 91	70	113⅞	+0⅛	8.88
Mgn Guaranty 12⅞ 89	150	111⅛	+0⅛	7.35
Morgan J P 11⅛ 92	100	105⅝	+0⅛	8.93
Mount Isa Fin 13⅞ 87	100	105⅛	e	7.56
Ned Gasunie 11⅞ 90	75	111	+0⅛	8.04
Ned Gasunie 11⅛ 91	75	107	−0⅛	9.27
N Eng Ll Mtg 11⅛ 96	149	115⅞	+0⅛	8.08
Newfoundland 13 91	75	115½	+0⅞	8.78
Nippon Cred Bk 13⅛ 89	100	116	+0⅛	7.62
Nippon Cred Bk 9⅛ 93	80	94½	+0⅛	10.41
Nippon Tel Tel 11⅛ 00	100	109½	+0⅛	8.11
Nippon Tel Tel 13⅛ 91	100	120⅛	+0⅛	7.10
Nissho Iwai 10⅛ 92	100	109	+0⅛	8.64
Nova Scotia 11⅛ 91	100	108⅛	−0¼	9.84
Nova Scotia 11⅛ 96	100	113⅛	+0⅛	8.72
Oester Post 12⅛ 99	75	110½	+0⅛	7.71
Ontario Hydro 11⅛ 94	200	120½	+1⅛	7.88
Ontario Hydro 11⅛ 90	200	118	+1⅛	7.38
Ontario 12⅛ 94	250	125⅛	+1⅛	8.18
Orient Fin 11 92	50	110⅛	+0⅛	8.53
Pacific Gas & El 12 00	75	114⅛	+1	9.98
Penney J C 11⅛ 90	100	104⅝	−0⅛	10.60
Penney J C 12⅛ 91	100	111⅛	+0⅛	8.89
Postipankki 11⅛ 90	75	109⅞	+0⅛	8.02
Post-Och Kred 13⅛ 87	50	106⅛	0	8.52
Privatbanken 12⅛ 95	100	120⅞	+1	8.87
Prudential Ins 12⅛ 87	150	104½	+0⅛	8.72
Pru Rlty Secs 0 99	355	34⅞	+0⅛	8.86
Pru Rlty Secs 11⅛ 92	386	109	+0⅛	9.63
Pru Rlty Secs 12⅛ 95	545	117⅛	+1¼	8.01
Quebec Prov 12⅛ 94	150	114⅛	+0⅛	8.41
Queensland Gvt 11⅛ 89	100	110⅛	+0⅛	7.63
RBC 11⅛ 90	100	108⅝	+0⅛	8.14
Rural Bk Aust 12 91	50	111⅛	+0⅛	8.10
Sanwa Bank 11⅛ 92	150	113⅛	+0⅛	8.60
Sanwa Intl 11⅛ 92	100	110⅛	+0⅛	8.01
Saskatchewan 10⅛ 92	100	110⅛	+0⅛	7.73
Saskatchewan 10⅛ 90	125	110⅛	+0⅛	7.36
Saskatchewan 11⅛ 89	100	112⅛	+0⅛	7.34
Saskatchewan 15 92	150	131⅛	+0⅛	8.20
Saskatchewan 16 88	125	113⅛	+0⅛	7.42
Scot Intl Fin 10⅛ 90	200	107⅛	+0⅛	8.29
Sears O/S Fin 98	800	36⅛	+0⅛	9.18
Sears O/S Fin 11⅛ 89	150	117⅛	+0⅛	8.21
Sears Roebuck 11⅛ 89	100	106⅛	+0⅛	9.82
Sears Roebuck 11⅛ 91	150	114⅛	+0⅛	7.70
Sec Pacific 10⅛ 88	100	105⅛	+0⅛	7.09
Shearson/Amex 12⅛ 94	100	106⅛	+0⅛	9.11
Shell (Canada) 14⅛ 92	125	114⅛	+0⅛	10.89
Signal Comps 11⅛ 91	125	108⅛	+0⅛	8.52
Statoil 12 89	150	103⅛	0	8.94
Sumitomo F A 10⅛ 90	100	107⅛	+0⅛	8.86
Sumitomo Fin 11⅛ 92	100	108⅛	+0⅛	7.79
Sumitomo Fin 12⅛ 91	150	118¼	+0⅛	8.03
Sumitomo Trust 12⅛ 92	100	118⅛	+0⅛	7.97
Sweden 11⅛ 89	200	112	+0⅛	7.28
Sweden 12⅛ 89	200	112⅛	+0⅛	7.18
Swedish Export 7⅛ 93	100	96⅛	+1	7.76
Swedish Export 11⅛ 89	100	109½	+0⅛	7.11
Swedish Export 11⅛ 89	100	109⅛	+0⅛	8.43
Taiyo Kobe 11⅛ 90	100	111⅛	+0⅛	8.13
Tenneco Corp 11⅛ 88	100	106⅛	+0⅛	8.93
Texaco Capital 10⅛ 90	200	97⅛	−0⅛	11.20
Texaco Capital 11⅛ 95	200	104⅛	−0⅛	11.24
Texaco Capital 12⅛ 89	250	105⅛	−0⅛	11.31
Texas Instru 11⅛ 91	150	107⅛	+0⅛	9.10
Tokai Asia 11⅛ 95	100	118⅛	+1	8.39
Tokai Asia 12⅛ 91	100	116⅛	+0⅛	8.24
Tokyo Elec Pr 13⅛ 89	100	112⅛	+0⅛	8.18
Tokyo Metrop 12⅛ 94	50	116	−8	10.04
Tomy Inds 11⅛ 92	50	110⅛	+0⅛	6.68
Toronto-Dom 12⅛ 89	50	110⅛	+0⅛	8.19
UBS 12⅛ 91	100	109⅛	+0⅛	9.88
Utd Tech 11⅛ 92	150	112⅛	+0⅛	8.22
Varba 3 93	70	223	e	0.00
West LB 11⅛ 90	100	112	−0⅛	8.43
Westpac 12⅛ 92	100	116⅛	+1⅛	8.67
Weyerhaeuser 11⅛ 90	60	105⅛	+0⅛	9.86
World Bank 11 92	300	114⅛	+0⅛	7.59
World Bank 11⅛ 90	200	118⅛	+0⅛	7.27
World Bank 11⅛ 90	200	108⅛	+0⅛	7.80
World Bank 12 93	250	122⅛	+1⅛	7.78
World Bank 15 88	150	114⅛	+0⅛	7.05
World Bank 16⅛ 88	100	117⅛	+0⅛	7.11
Yasuda Trust 12⅛ 89	100	111⅛	+0⅛	7.30

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
Allied Irish ⅛ 95	100	100⅛	+0⅛	7⅛
Allied Irish ⅛ Perp	100	98⅛	−0⅛	7⅛
Arab Bank Corp ⅛ 96	100	98⅛	0	7⅛
Banca di Rom ⅛ 89	150	100⅛	0	7⅛
Banco di Rom ⅛ 92 CU	75	98⅛	e	7⅛
Bankamerica O/S ⅛ 96	400	97⅛	−0⅛	7⅛
Bankers Tr NY ⅛ 94	250	100⅛	+0⅛	7⅛
Bank of Greece ⅛ 94	150	97⅛	+0⅛	8⅛
Bank Montreal ⅛ 94	300	100⅛	0	10
Bk Nat Paris ⅛ 88	400	101⅛	0	8⅛
Bqe Nat Paris ⅛ 95	400	100⅛	+0⅛	7⅛
Barclays O/S ⅛ Perp	600	102⅛	0	6⅛
BBL ⅛ 89	100	100⅛	0	7⅛
BFCE ⅛ 97	400	99⅛	0	7⅛
BFCE ⅛ 99	600			
Belgium ⅛ 04	400	100⅛	−0⅛	7⅛
Belgium B 0.03 2011	250	100⅛	+0⅛	6⅛
CCF 97	250	99⅛	0	7⅛
CEPME ⅛ 95 £	100	100⅛	0	10
Chase Manhattan ⅛ 09	400	98⅛	0	7⅛
Chemical NY ⅛ 99	300	98⅛	e	6⅛
Citicorp O/S ⅛ 91 £	100	99⅛	e	10⅛
Citicorp Pas Perp ⅛ 97	250	99⅛	0	7⅛
CNT ⅛ 00	100	100⅛	e	6⅛
Commerzbank ⅛ 89	150	100⅛	0	7⅛
Creditanstalt ⅛ 96	150	100	0	7⅛
Credit Foncier 97	300	100⅛	0	10⅛
Credit Foncier ⅛ 00 £	100	100⅛	0	7⅛
Credit Lyonnais ⅛ 96	300	101⅛	0	7⅛
Credit Lyonnais ⅛ 99	250	100⅛	e	7⅛
Credit Lyonnais ⅛ 00	300	100⅛	e	6⅛
Credit National ⅛ 95 £	100	100⅛	0	10⅛
Dai-ichi Kangyo ⅛ 96	150	100⅛	+0⅛	6⅛
Den Danske Bk ⅛ 89	30	100	e	7⅛
Denmark ⅛ 00	500	100⅛	e	7⅛
Denmark ⅛ 04	500	100⅛	0	7⅛
Eldorado Nuke 89	100	100⅛	e	8
Elec de France ⅛ 95	400	102⅛	+0⅛	6⅛
ENEL ⅛ 93 £	100	100⅛	0	10⅛
Exterior Int ⅛ 98	125	100⅛	0	7⅛
Ferro del Stat ⅛ 89	100	100⅛	0	7⅛
Ferro del Stat 97	420	100⅛	0	7⅛
Finepac ⅛ 96	100	100⅛	0	7⅛
First Chicago ⅛ 94	100	99⅛	0	6⅛
First Chicago ⅛ 97	200	99⅛	0	6⅛
Ford Motor Cr ⅛ 91	200	100⅛	0	7⅛
Fuji Intl ⅛ 96	200	100⅛	0	6⅛
GW O/S Fin ⅛ 94	100	99⅛	0	7⅛
Grindlays ⅛ 94	100	99⅛	0	7⅛
Ireland ⅛ 88	50	100	0	7⅛
Ireland ⅛ 93 £	100	100⅛	0	10⅛
Ireland ⅛ 94	300	100⅛	+0⅛	7⅛
Ireland ⅛ 95 £	100	100⅛	0	10⅛
Ireland ⅛ 97	500	100⅛	0	7⅛
Ireland ⅛ 99	500	100⅛	0	7⅛
Italy ⅛ 94	1bn	100⅛	e	6⅛
Italy ⅛ 05	500	100⅛	0	7⅛
Korea Dev Bk ⅛ 90	100	99⅛	0	7⅛
Lincoln S & L ⅛ 93	100	100⅛	0	7⅛
Lloyds Bank ⅛ Perp	600	96⅛	0	7⅛
Lloyds Euro ⅛ 04	250	100⅛	0	7⅛
Malaysia ⅛ 93	500	98⅛	−0⅛	6⅛
Malaysia ⅛ 94	600	97⅛	−0⅛	7⅛
Mfrs Hanover ⅛ 97	200	98⅛	+0⅛	7⅛
Marine Midland ⅛ 94	125	100⅛	0	6⅛
Marine Midland ⅛ 98	125	100	0	7⅛
Marine Midland ⅛ 09	150	100⅛	+0⅛	7⅛
Mellon Bank ⅛ 96	200	100⅛	0	7⅛
Midland Int ⅛ 99	300	100⅛	0	7⅛
Mitsui Fin ⅛ 98	100	100⅛	0	7⅛
Morgan Grenfell ⅛ 94	100	98⅛	0	7⅛
Mtg Intermed ⅛ 16 £	100	100⅛	0	10⅛
Nat Bank Canada ⅛ 91	100	100⅛	0	7
NatWest ⅛ 05	400	100⅛	0	7⅛
NatWest Fin ⅛ Perp	500	100⅛	0	7⅛
Neste Oy ⅛ 94	100	100⅛	−0⅛	6⅛
New Zealand 2001	300	100⅛	0	7⅛
NZ Steel Corp ⅛ 92	225	100⅛	0	7⅛
Offshore Mis ⅛ 91	400	100⅛	0	7⅛
Oster Land Bank ⅛ 89	100	100⅛	0	7⅛
Portugal ⅛ 92	200	100⅛	0	7⅛
Renfe ⅛ 91	100	100⅛	0	7⅛
Royal Bk Canada ⅛ 05	300	100⅛	+0⅛	6⅛
Sanwa Int Fin ⅛ 92	400	100⅛	0	6⅛
Security Pac ⅛ 97	250	99⅛	+0⅛	6⅛
Shawmut Corp ⅛ 97	50	99⅛	0	7⅛
SNCF ⅛ 93 £	75	100⅛	0	10⅛
Soc Generale ⅛ 97	400	100⅛	0	7⅛
Soc Generale ⅛ 94	250	100⅛	0	7⅛
Spain ⅛ 89	500	100⅛	0	7⅛
Spain ⅛ 97	250	100⅛	0	7⅛
Standard Chart ⅛ 94	300	100⅛	0	7⅛
Sumitomo Trust ⅛ 94	100	100⅛	0	7⅛
Sweden ⅛ 99	500	100⅛	0	7⅛
Sweden 90	700	100⅛	0	6⅛
Taiyo ⅛ 04	100	100⅛	0	7⅛
Thailand ⅛ 05	200	100⅛	0	7⅛
Tokai Asia ⅛ 98	50	100⅛	0	7⅛
Toyo Trust Asia ⅛ 99	100	100⅛	0	7⅛
UBAF ⅛ 90	50	99⅛	0	7
Union Bank Norw ⅛ 99	00	99⅛	e	6⅛
United Kingdom 92	2.5bn	100⅛	0	6⅛
Wells Fargo ⅛ 94	100	100⅛	+0⅛	7⅛
Wells Fargo ⅛ 96	00	99⅛	+0⅛	6⅛
Yokohama ⅛ 94	100	100⅛	0	7⅛
Yorkshire Int ⅛ 94 £	75	100	0	10⅛

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 99	120	275⅛	+8⅛	1.47
Ajinomoto 5⅛ 95	40	357	+18	−0.30
Best Osaki 5⅛ 97	16	325	+15⅛	2.78
Canon 7 97	100	230½	+13⅛	−1.28
Daiwa Secs 5⅛ 98	80	746½	+128⅛	−2.57
Elektrowatt 5 98	81	147⅛	+14⅛	−4.58
Fuji Bank 2⅛ 2000	100	169½	+17⅛	2.10
Fujitsu 3 99	180	171	−8⅛	−3.11
Isetec Inc 3 89	50	251	−1⅛	−3.99
Kyowa Hakko 6⅛ 97	40	422½	+24⅛	−0.44
LASMO 6⅛ 89	44	96⅛	+0⅛	156.96
Marata Mfg 3⅛ 2000	100	130⅛	−10⅛	21.07
Nippon Oil 3⅛ 89	50	169	+6⅛	4.53
Northern Telecom 7 98	50	110⅛	+0⅛	12.48
Ono Pharm. 3⅛ 89	60	301	+19⅛	0.38
Sanyo Electric 5 98	85	180⅛	−3⅛	9.74
Sumitomo Corp 2⅛ 89	70	211⅛	+34⅛	2.42
Texaco Capital 11⅛ 94	1bn	101⅛	+0⅛	68
Texaco Capital 11⅛ 94	500	101⅛	+0⅛	67.89
Tsutomu Tsendo 5⅛ 98	30	164	−3⅛	−4.17
USAIR Fin 7 98	50	105	+1⅛	18.37

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bk 7⅛ 94	15	110⅛	0	6.87
Avon Products 6⅛ 91	20	102⅛	−0⅛	6.20
Denmark 6⅛ 92	20	106⅛	+0⅛	5.61
Dow Chemical 7 94	20	110⅛	0	6.24
Elec de France 6⅛ 96	20	107⅛	+0⅛	6.67
Eurofima 7⅛ 94	10	105⅛	+0⅛	6.41
Eurofima 6⅛ 92	10	105⅛	+0⅛	6.86
FNMA 6⅛ 92	50	101⅛	+0⅛	6..2
CMAC 6⅛ 90	25	105⅛	0	5.36
Intel 9⅛ 92	12.5	98⅛	−3⅛	7.01
Int-Amer Dev 7⅛ 93	10	107⅛	e	7.03
ITT 6⅛ 92	10	98⅛	+0⅛	8.71
McDonald Corp 6⅛ 92	25	104⅛	−0⅛	5.99
New Zealand 7⅛ 90	15	107⅛	+0⅛	5.21
New Zealand 7⅛ 89	15	107⅛	e	5.02
Pacific Gas & El 7 94	20	105⅛	+0⅛	6.36
Penney J C 6⅛ 92	25	103⅛	0	5.37
Proctor 6⅛ 92	25	104⅛	+0⅛	5.58
Sallie Mae 6⅛ 92	25	105⅛	+0⅛	5.63
TRW 7 94	16	104⅛	+0⅛	6.72
Utd Technology 0⅛ 92	25	104⅛	+0⅛	5.57
World Bank 7 94	20	108⅛	+0⅛	5.62
World Bank 7⅛ 93	20	116⅛	+0⅛	5.77
World Bank 8 92	20	111⅛	−1⅛	5.87

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bank 6⅛ 87	400	0		
Eurofima 10 94	600	0		
E Coal & Steel 10⅛ 94	1bn	0		
Euro Invest Bk 10⅛ 94	1bn	0		
World Bank 10⅛ 89	1bn	0		

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 88	200	104⅛	−0⅛	5.98
ABN 7⅛ 89	150	104⅛	−0⅛	6.11
Amro Bank 7⅛ 89	150	103⅛	+0⅛	6.86
Amro Bank 8 89	200	104⅛	+0⅛	5.89
Bk Mees & Hope 8⅛ 89	100	105⅛	−0⅛	5.39
Beatrice Foods 8⅛ 88	100	105⅛	+0⅛	6.22
C C Rabo 8 89	150	104⅛	+0⅛	5.96
Denmark 8⅛ 91	100	109⅛	+0⅛	6.21
Int Stand Elec 8⅛ 89	100	104⅛	+0⅛	5.41
New Zealand 8⅛ 89	100	105⅛	+0⅛	6.73

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Amex 12⅛ 91	50	106⅛	0	10.78
Aust Resources 11⅛ 92	50	107	−0	8.88
Bank of Tokyo 10⅛ 92	75	102	e	10.36
Bqe l'Indosuez 14 91	75	113⅛	+0⅛	10.36
Bro Col 12⅛ 91	100	112⅛	+0⅛	9.38
Br Col Music 13⅛ 91	100	112⅛	+0⅛	10.39
Br Col Tele 12⅛ 89	10	104⅛	+0⅛	11.55
Farm Cred Corp 12⅛ 90	75	108⅛	+0⅛	9.75
Kredietbank 12 92	75	107⅛	e	10.13
Long Term Cred 11⅛ 90	75	105⅛	e	9.77
Montreal City 12⅛ 91	50	109	−0⅛	9.76
New Brunswick 12 96	75	110⅛	+0⅛	10.09
Nova Scotia 11⅛ 96	100	105⅛	+0⅛	9.94
Quebec Hydro 14 91	75	104⅛	e	12.01

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 9⅛ 92	100	107⅛	+0⅛	7.44
Australia & NZ 10⅛ 91	50	0		
Austria 10⅛ 93	100	e		
BFCE 9⅛ 92	100	110⅛	+⅛	7.41
Cred National 10⅛ 94	50	114⅛	+0⅛	7.00
Cred National 11⅛ 91	50	110	+0⅛	8.58
Denmark 10⅛ 91	75	e		
Ebco Intl 10⅛ 89	55	0		
EEC 11 93	50	0		
EEC 11⅛ 91	50	0		
EEC 11⅛ 93	70	e		
Euro Invest Bk 9⅛ 96	200	108	0	7.91
Europ Invest Bk 10⅛ 94	130	113	+0⅛	7.74
Euro Invest Bk 10⅛ 89	50	112	+4⅛	5.13
Euro Invest Bk 10⅛ 94	100	111⅛	0	6.44
Euro Invest Bk 11⅛ 92	75	110⅛	+0⅛	8.67
Euro Invest Bk 11⅛ 93	50	e		
Euro Invest Bk 11⅛ 96	50	0		
Genfinance 11 90	70	0		
Giro Vienna 10⅛ 98	50	112⅛	+0⅛	8.13
GTE Finance 10⅛ 98	40	e		
Ireland 10⅛ 95	50	109⅛	+1⅛	8.64
Italian Govt 10⅛ 92	600	111⅛	+0⅛	8.07
Italian Trea 11⅛ 90	50	96⅛	−12⅛	12.47
Italy 9⅛ 89	200	105⅛	+0⅛	6.90
Kredietbank L 9⅛ 92	75	107⅛	+1	7.69
Morgan City Tst 9⅛ 90	100	105⅛	+0⅛	7.00
Nippon Cred Bk 11 91	50	e		
Post Och Kred 10⅛ 89	50	0		
Royal Bk Can 10.5 89	85	0		
SNCI 10⅛ 94	00	0		
Swedish Export 11 89	67	105	+0⅛	8.89
West LB 10⅛ 91	50	e		
World Bank 10⅛ 86	100	108	+0⅛	7.92

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Comm Bk Aust 12⅛ 90	125	93	0	16.35
Nat Aust Bk 12⅛ 89	40	93⅛	−0⅛	15.70
PIBA 12⅛ 89	50	94⅛	−0⅛	18.11
State Bk NSW 12⅛ 89	40	93⅛	−0⅛	15.47

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
BAT Intl 10⅛ 91	100	101⅛	−0⅛	10.40
Denmark 10⅛ 99	75	102⅛	+0⅛	9.64
EEC 11⅛ 94	75	106⅛	+0⅛	10.00
Europarat 11⅛ 92	50	107	+0⅛	9.57
Euro Invest Bk 10⅛ 92	50	104⅛	+0⅛	9.68
Finland 11⅛ 88	50	103⅛	+0⅛	10.11
Grand Mst Fin 10⅛ 00	50	101⅛	+0⅛	10.36
ICI 10⅛ 92	50	101⅛	+0⅛	10.27
Int-Amer Dev 11⅛ 91	60	104⅛	+0⅛	10.05
Int Stand Elec 11⅛ 94	50	102⅛	+0⅛	10.03
Ireland 11⅛ 94	50	102⅛	+0⅛	10.71
SNCF 11⅛ 94	50	107⅛	+0⅛	10.08
World Bank 10⅛ 89	100	101⅛	+0⅛	9.81
World Bank 10⅛ 99	100	102⅛	+0⅛	9.82
World Bank 11 94	50	107⅛	+1⅛	9.63

EQUITY WARRANTS	Expiry date	Price	Chg. on week	Prem.
CIBA-GEIGY Int £	1/11/93	390	+72⅛	10.88
Credit Suisse	31/5/88	103⅛	+11⅛	−40.12
IC Industries	15/6/88	52⅛	+6⅛	−2.72
Int Pirelli NV	14/6/88	99	+8	−3.36
Japan Synthetic	28/4/89	0		
Mitsubishi	20/2/89	0		
Osaka Transformer	21/1/90	0		
Pesco Corp	6/3/91	0		
Restomat Selbu	1/4/91	0		
SBC Finance	17/8/90	60⅛	+8	24.67
Seagram Co	15/8/88	23⅛	+1	−15.21
Swiss Bank Corp	20/12/88	133	+14	9.47
Union Bk Switz A	30/11/89	31	+2⅛	24.98

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
Aegon Ins 11⅛ 91	15/2/88	105⅛	+8⅛	8.43
Coca Cola 11⅛ 91	28/11/88	125⅛	+10	8.30
Dai-ichi K 6⅛ 96 S	1/1/96	12⅛	0	8.31
Da Point 13⅛ 89	25/8/88	129	+1⅛	8.28
Eksportfinans 13⅛ 89	15/9/87	139	+7⅛	7.97
Holland Air 11⅛ 91	15/8/88	58⅛	+3⅛	0.82
Ind Bk Jpn 12⅛ 91	5/10/89	169	+8	8.65
Mitsbishi Fn 12⅛ 91	8/11/89	170⅛	+8⅛	8.04
J P Morgan 11⅛ 90	16/5/87	58⅛	+8	7.93
Texaco Cap 12⅛ 92	1/9/87	56⅛	+0⅛	11.53
Wlls Frgo A 12⅛ 91	27/12/89	164⅛	+8	8.54
Weyerher C 11⅛ 90	15/11/87	98⅛	+8	8.38

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on August 15.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

BT builds up a global investor base

IMMEDIATELY after privatisation, British Telecom did not appear to be the most exciting challenge for a corporate treasurer.

Mr Christopher Bull, who took over the role in the autumn of 1984, inherited what he describes as a "dull and static" balance sheet—although the company was not launched on the stock market until the end of that year, its structure was determined well beforehand.

BT entered private sector life with a modest amount of fixed-rate, sterling-denominated debt with maturities set in small amounts neatly laid out until 2006. There was no call on the skills required to manage a portfolio of short-term, floating-rate or foreign currency liabilities. Nor, since it had plenty of cash, was there any immediate need to borrow more.

Yet the team headed by Mr Bull has already come a long way from the days when the company's finances were managed simply as an extension of those of the Government. "We didn't need the full range of corporate treasury functions at first, but we have been preparing ourseves for the need to have a full range. We now need them all," he says.

As well as funding and dealing with financial exposures, these functions include insurance, investing the company's cash balances — where Mr Bull has taken a more active though still conservative approach — and handling the £20m a day of sales revenue from 21m customers.

This year, BT has been dipping its toes into the international capital markets for the first time in its own right, rather than as a branch of the government's finances. It is establishing a presence in financial markets even though it does not really need to raise money at present.

A $500m US commercial paper programme launched in the spring was followed on Friday by a $250m Eurobond which was set on generous terms and quickly won an enthusiastic reception in the marketplace. Next is likely to come a Euro-commercial paper programme.

Mr Bull's purpose is to build up a knowledge of BT among investors around the world, on the argument that the company has a global business and should therefore have a global investor base. When the time comes to issue substantial debt or equity to finance major acquisitions, it would hope to be able to do so as quickly and cheaply as possible without having to rush then to educate investors.

Mr Bull is also, unusually among corporate treasurers, responsible for BT's investor relations programme. In this capacity, he has had in recent months to cope with the decline in BT's share price from the heady levels reached early this year, particularly as investors begin to worry about the Labour Party's intentions if it takes power in the next election.

Investor relations are always tricky. Institutions, especially in the US, are cautious about moving their money abroad and have long memories of adverse developments which they did not expect. So Mr Bull's dual role prompted him to take a lead among other corporate treasurers earlier this year when the UK Government slapped a 5 per cent tax on shifting British shares into foreign markets, thereby threatening the liquidity of the active New York market in them.

Mr Bull helped to marshal corporate treasurers' attempts to have the tax withdrawn. In the end, they had to settle for a substantial reduction. But their intervention underlined the more important role that treasurers are playing as companies manage their equity, debt and cash more consciously.

Investor relations and financial management come together most neatly in BT's push to

Roger Taylor

Mr Christopher Bull, corporate treasurer at British Telecom.

encourage international ownership of its shares. The privatisation offering was distributed around the world, although many American buyers embarrassingly failed to become firm holders, instead selling them back to the UK for a quick turn.

Since then, BT has added a listing on the Tokyo Stock Exchange to those in New York, Toronto and London. Japanese investors are prominent among the identifiable foreign holders of BT stock.

Apart from diversifying the equity base, BT's first move into the international capital markets was the commencement this year of a programme to issue commercial paper in the US. Until 1984, BT issued commercial paper in the US on the Government's direction and under its guarantee.

Since it has no actual need for the $250m plus now raised by its normal level of paper outstanding, issues of dollar commercial paper are matched by dollar investments, removing any risk of currency exposure.

All this could bear fruit when BT embarks on a larger acquisition programme. It has already paid C$300m for a majority shareholding in Mitel, the Canadian telecommunications manufacturer, and made several smaller purchases. Given Britain's competition policy, Mr Bull says, "there are very few fields in the UK where we could make a big acquisition." North America and Japan are the most promising areas for expansion. BT would also like to ease the weight of regulation by expanding in areas that are less tightly overseen than telephone network operations.

Alexander Nicoll

Revco concludes its buy-out

BY TERRY DODSWORTH IN NEW YORK

REVCO, the Ohio-based drugstore chain, has concluded its long drawn-out management buy-out by signing a definitive agreement accepting a sweetened cash offer of $38.50 a share.

The bid, from a management group led by Mr Sidney Dworkin, Revco's chairman, compared with an initial offer of $33 in cash and $3 in preferred stock, and valued the company at $1.29bn.

The Revco deal was first mooted in March and the delay in completing the offer since then has caused some speculation that the buy-out group was having trouble raising the finance.

Early in the proceedings, the team of outside directors set up to consider the deal rejected the initial terms and suggested a higher price for the company. Drug retailing companies have recently been changing hands in the US for relatively high prices because of lively interest by outside companies wanting to diversify.

In its announcement on Friday, Revco said that the transaction was subject to financing, but there was no indication that there would be any problem for the management team.

Salomon Bros, the Wall Street investment bank acting as financial advisers to Revco along with Golenberg, said that it was "highly confident of its ability to underwrite" the offer – a form of words used widely on Wall Street to indicate that funds have been lined up for a deal.

Martin Dickson in London adds: The deal is a significant coup for Transcontinental Services, the investment holding company which is quoted in London, registered in the Netherlands Antilles and operates out of New York. It specialises in arbitrage deals and management buy-outs – but this is by far the largest leveraged buy-out it has been involved in.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Matsuyadenki Co. ¶‡	25	1991	5	2⅞	100	New Japan Secs. Eur.	2.875
Dainippon Ink & Chem. ¶‡	250	1993	7	3½	100	Nikko Secs. (Europe)	3.500
Intec Corp. ¶‡	35	1991	5	2⅞	100	Nikko Secs. (Europe)	2.875
Izumi Co. ¶‡	25	1991	5	2⅞	100	Daiwa Europe	2.875
Wako Securities ¶	59	1991	5	(2⅞)	100	Wako Int. (Europe)	-
Hydro-Quebec (b) †‡	400	Perp.	-	1/16	100	CSFB	-
Ekspertfinans ‡	100	1993	7	7⅝	100⅝	Goldman Sachs	7.460
Champion Int. ‡	75	1991	5	8¼	101⅛	Morgan Guaranty	7.960
Merrill Lynch ‡	100	1993	7	8	100¾	Merrill Lynch	7.857
Merrill Lynch (c) ‡	100	1993	7	8	100¾	Merrill Lynch	7.857
Carteret Savings Bk †‡	125	1996	10	1/16	100	CSFB	-
C. Itoh	40	1991	5	(e)	100	Nikko Secs. (Europe)	-
Lockheed Corp. ‡	150	1989	3	7¼	100⅛	CSFB	7.107
Postipankki ‡	100	1993	7	7¾	101½	Nomura Int.	7.467
Postipankki (c) ‡	100	1993	7	7¾	101½	Nomura Int.	7.467
British Telecom ‡	250	1996	10	7⅝	100½	Morgan Guaranty	7.552
CANADIAN DOLLARS							
Hudson's Bay ‡	80	1991	5	10¾	100	Morgan Stanley	10.758
L'bank Sch.-Holstein ‡	60	1991	5	9⅜	101¼	Citicorp	9.053
GMAC Canada ‡	100	1991	5	9	100⅝	Wood Gundy	8.964
Fed. Bus. Dev. Bank ‡	100	1989	3	9	100⅜	Wood Gundy	8.852
Farm Credit Corp. ‡	100	1991	5	9	100⅞	Wood Gundy	8.776
D-MARKS							
Finnish Real Est.Bk ‡	150	1992	6	6	100	WestLB	6.000
Kaufhof Finance ¶‡	150	1998	12	2	100	Dresdner Bank	2.000
SWISS FRANCS							
World Bank ‡	250	2001	-	5⅜	100	SBC	5.375
GTE Finance (h) §	50	2005	-	(6½)	-	Soditic	-
Belgium** ‡	100	1996	-	5⅛	100	Kredietbank (Suisse)	5.125
Ireland ‡	150	1994	-	5⅛	99½	Crédit Suisse	5.203
BELGIAN FRANCS							
World Bank	5bn	1996	10	7¼	100	Generale Bank (g)	7.250
GUILDERS							
Aegon ** ‡	100	1991	5	5¾	99½	Amro	5.868
ECUs							
Aegon ‡	191	1995	9	7¼	99½	Société Générale	7.322
BNP †‡	190	1996	10	(f)	100	BNP	-
DANISH KRONER							
Christiania Bank ‡	300	1993	7	9¾	100⅝	Privatbanken	9.623
YEN							
Denmark †‡	10bn	1991	5	(a)	102	Morgan Stanley	-
NTT ‡	60bn	1996	10	5⅜	101¼	Nomura Int.	5.708

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate notes. ¶ With equity warrants. ∮ With bond warrants. ‖ Currency linked. (a) Reverse FRN; linked to yen 6m Libor. (b) 1/16 over 6m Libor. (c) Partly paid. (d) 1/16 over 6m Libor, additional $125m on tap. (e) Deferred coupon, first payment 1988. (f) Equal to 3m Libor. (g) Co-ordinator. (h) Additional SFrs 150m maximum on tap. Note: Yields are calculated on AIBD basis.

International placement for L'Oreal

By Clare Pearson

L'OREAL, THE French hair products and cosmetics group, is expected soon to announce a one-for-10 rights issue raising about $200m equivalent and distributing L'Oreal's shares outside France for the first time. Morgan Stanley, the US investment bank, is expected to place about 80 per cent of the new shares internationally.

L'Oreal, whose products include Ambre Solaire sun-tan products and Lancome cosmetics, is 56 per cent owned by Gesperal, a company controlled jointly by the Swiss-based Nestle and Mrs Liliane Bettencourt, daughter of Mr Eugene Schoeller, founder of L'Oreal.

Rights will be exercisable into non-voting shares. Morgan Stanley is expected to underwrite the rights issue in full, and should sell internationally all of Gesperal's entitlement and any of the shares which are not taken up

Anderson Clayton rejects sweetened offer

BY OUR NEW YORK STAFF

ANDERSON CLAYTON, the US food processing group, has announced the rejection by its board of a sweetened $679m buy-out bid from Bear Stearns and Gruss & Company, two US investment banks, and reaffirmed its determination to press ahead with its own recapitalisation plan.

The Houston-based group, which previously rejected a $54 per share bid from the two investment banks first launched in late May, was equally dismissive of their subsequent $56 a share offer. It said it plans to proceed with its self-tender offer and the sale of stock to an Employee Stock Ownership Plan (Esop).

Anderson Clayton—which has brand products including Chiffon margarine and Seven-Seas salad dressing—added that it has obtained commitments for the bank borrowings to be used in funding the share buy-back and the approval of the Pension Benefit Guaranty Corporation to remove certain assets from two retirement plans.

Mr W. Fenton Guinee, president and chief executive, said: "The board has unanimously reaffirmed the company's proposed self-tender-Esop transaction, which will provide an opportunity for shareholders to receive cash for a portion of their investment while permitting them to retain a substantial equity investment in the company.

"The board believes this is in the best interests of stockholders, and has rejected the Bear Stearns-Gruss proposal because it would require a sale of the company and completely terminates stockholders' interests in the company."

Playboy Enterprises in the red

BY OUR FINANCIAL STAFF

PLAYBOY ENTERPRISES, Mr Hugh Hefner's magazine company which has been shedding its casino and club interests, dived into the red for the year to June, reporting net losses of $62.2m against 1984-85 earnings which at $6.7m were already down to a quarter of the previous year's level.

The latest result reflected $10.5m in net losses from businesses which Playboy is retaining, as well as a large deficit on discontinued operations. For the fourth quarter alone, the remaining activities lost $5.1m against negligible earnings a year earlier.

Sales for the final three months were down from $46.9m to $43m, and for the year as a whole were $8.2m lower at $181.6m.

Lawsuit as loss hits Scitex

BY OUR FINANCIAL STAFF

SCITEX, the Israeli company which makes computer aided design systems for sale largely to the North American printing and publishing industry, fell into net losses of $21.8m in the half-year to June, against earnings of $3.28m in the first six months of 1985.

The losses absorbed more than 40 per cent of its turnover, which at $52.8m was down from the previous $58.8m.

At the same time Scitex announced that the company and its directors face a shareholders' class action suit in New York's southern district alleging violations of anti-fraud provisions in US securities law. This was said to be in connection with certain prospectuses, published reports and press releases.

Scitex is to defend the action, which seeks unspecified damages.

Wholesale Fittings profits rise 11%

A final dividend of 6.53p from Wholesale Fittings lifts the total for the year ended April 25, 1986 from 6.7p to 8.4p net. Earnings rose from 20p to 23.2p per share.

The group, operating as a wholesale electrical distributor, lifted its pre-tax profit by 11 per cent, from £4.9m to £5.47m.

Sales increased by a like percentage to £39.69m (£35.75m) and the operating nearly 15 per cent to £4.9m (£4.28m). But interest received fell to £561,000 (£641,000).

During the year a new depot was opened in Birmingham, the first one in the Midlands, while at Manchester, the size of the depot was doubled to allow for future expansion in the area.

In respect of the current year the directors reported that the first quarter turnover had shown a satisfactory increase. In view of the recent developments and future plans they were confident that the group would continue to progress.

Sunbeam Wolsey declines

Sunbeam Wolsey, the Irish textile yarns and knitted products group recently taken over by the John Crowther Group, has announced reduced profits for the first half of 1986.

But the directors said one of the positive results of joining with Crowther should be the strengthening of the marketing operations. This, and the normal stronger second half, should give a satisfactory result for the full year.

In the half year, sales fell from I£15m to I£14.2m, or £12.88m sterling, and the pre-tax profit from £542,000 to £418,000, equal to £379,000. Earnings were 3.7p (4.4p) and the interim dividend is the forecast 1p (same).

T. Clarke

T. Clarke, an electrical contractor, returned virtually unchanged taxable profits of £349,872, against £352,104, for the first six months of 1986. Turnover totalled £14.26m (£15.34m).

Earnings per share were 2.14p (2.06p). The interim dividend is 0.71p (0.7p).

Attributable profits, after tax of £140,000 (£150,000), emerged at £209,872 (£146,104).

F & C Enterprise

F & C Enterprise Trust, the investment trust specialising in a range of venture activities, has lifted its net asset value to 32.7p at the end of June, 1986, from 31.6p a year earlier.

For the six months to June, net attributable revenue fell from £119,000 to £4,000, for earnings of 0.004p (0.14p). Franked income was £128,000 (£79,000) and unfranked £141,000 (£471,000).

EBC falls 16% in first half

PRE-TAX profits fell by 16 per cent in the first six months of 1986 at EBC Group. The directors of this Exeter-based group, which provides management services to the construction industry, said that the company made good progress in the second quarter after severe weather earlier.

On turnover down by £2m to £24.31m, taxable profits fell from £419,000 to £352,000. Earnings per 50p share for this USM-quoted company fell to 4.6p (5.7p).

An interim dividend of 2.22p is being paid.

Mr H. Cockcroft has been appointed group chief executive and will be joining the board. Mr D. Stoneman, formerly chairman and joint managing director, will continue as chairman.

Grosvenor

Huntleigh Technology, the USM group headed by Mr Rolf Schild, has acquired a 7.8 per cent stake in the troubled electronics and engineering company, Grosvenor Group; and Mr Schild has begun discussions with Grosvenor with a view to making a recommended offer to acquire the group at around the current market value price.

Grosvenor shares closed on Friday at 128p, up 8p, giving it a market capitalisation of £8m.

Grosvenor has experienced problems with its acquisition policy since it was formed from the rump of Wellco Holdings in 1982. Recent boardroom splits have encouraged rumours of a takeover.

Lionel Barber and David Goodhart look at the battle for AE

City undecided on 'stop-go' merger

Last week, Turner & Newall injected new life into its bid for AE, the motor components group, by raising its offer some £80m to £247m and declaring it final.

Before the intervention, the market appeared to be running away from T&N, the mining and asbestos group which came close to collapse just four years ago. T&N shares had fallen by 25 per cent since mid-June, undermining its paper offer. Without a cash alternative, the prospects of capturing control of AE looked very slim.

Analysts believe that the new offer falls short of being a knockout blow. Despite an attractive cash alternative of 240p per share, they reckon T&N would have had to bid at least 270p per share to skittle the spirited defence mounted by AE and its advisers Hill Samuel.

The outcome of the battle is likely to turn, therefore, on the reasoning behind the T&N bid and the institutional view of the current AE management, led by its piano-playing chairman, Sir John Collyear.

T&N does not disguise the fact that it wants to escape continuing — albeit reduced — dependence on the "Double A" factor: Africa and asbestos.

Under the chairmanship of Sir Francis Tombs, the phlegmatic company doctor, T&N has, through disposal, cut the size of its turnover by almost one-third compared with 1980, halved the UK workforce to 9,000 and set up four independent businesses: construction, plastics, automotive components and mining.

Sir Francis Tombs, chairman of Turner

Over the past year Sir Francis has been assisted by Mr Colin Hope, a new energetic chief executive, a recruit from Dunlop who, as it happens, established an early management pedigree at AE. In both men's view, the painful surgery is now largely complete, hence the decision to go for new growth by acquisition.

Much of T&N's argument turns on the claimed industrial logic behind the offer for AE. T&N believes that share customers and technology in automotive components (which account for about half of its own turnover and almost all of AE's) form the crux of this logic.

More specifically, T&N, advised by N. M. Rothschild, argues that AE is too small to exploit fully the worldwide market in components where the big buyers, such as Ford and General Motors, are few in number.

Putting together the two groups, each with profitable subsidiaries in the US, Italy, France and West Germany, would create a new company with annual sales of close to £1bn—large enough to support expensive development programmes and to attract the multinationals which are increasingly buying in their pistons and other major components from outside.

The difficulty with this argument lies in the different nature of the two companies' technological expertise. For example, AE's products assist in propelling vehicles, while T&N's slow them down. This has been highlighted by AE, but it is also appreciated by analysts such as Mr Rob Golding at Quilter Goodison stockbrokers.

"There is not any real benefit in putting the two companies together. Internationalisation of specialisation is what it is all about these days."

Equally, the arguments about marketing benefits arising from a merger look a little thin There is, for example, only a tiny overlap between T&N and AE in ceramics.

Sir John Collyear, chairman of AE

The question remains, however, whether AE really is big enough to stay independent. The very fact that AE agreed to a merger with its fellow UK engineering group GKN in 1983 suggests that Sir John and his board accepted the case for greater size

City opinion appears divided. Mr Golding says that the GKN-AE merger made a lot of sense. He says that the major car manufacturers remain reluctant to commit themselves to a relatively small component company — whatever its technological skills — which is vulnerable to a takeover or financial difficulty.

Mr Ewan Fraser at James Capel is less sure. He believes that AE's initial agreement to the GKN merger offer was a mistake—a decision made before the group had hauled itself out of the recession.

AE has also pointed out that 58 per cent of its production is already made abroad or exported; and it has begun to penetrate the US market. Its supporters also argue that while the big US component companies—Eaton and TRW—are many times larger than AE, the same is not true in West Germany.

How far the size question will sway institutional votes is open to question. They are likely to be influenced as much as anything else by a more general view of the desirability of unseating an incumbent management which, though hardly glamourous, has done nothing to antagonise the City.

In recent months, two contested takeover attempts in the engineering sector (*Siebe for APV and Evered for McKechnie*) have failed Some believe it is too early to describe this as a trend, but there seems to be some reluctance to disturb the status quo if the management of the target company can put up a reasonable case for independence.

AE will shortly issue a profit forecast for the year to this September. Last year, it made £26.3m on £383m turnover. If it can substantially improve this figure, then T&N will have a struggle to win control.

Share Stakes

Changes in company share stakes announced over the past week include:—

Bestwood — Glen International holds 996,994 ordinary (20.63 per cent). Lynburg sold its entire holding in Bestwood.

Newman Tonks — director E. T. Barnes sold 12,000 beneficial ordinary, reducing holding to 137,034 shares.

T. I. Group — chairman R. E. Utiger sold £25,000 ordinary stock at 464p per £1 unit.

Norbain — director R. J. Kendall bought 10,000 ordinary.

Johnson and Firth Brown — director R. Shephard bought 50,000 ordinary at 31p each.

F.T. Share Information

The following securities have been added to the Share Information Services: Beaverco (Section: Industrials), Bipel Group (Engineering), Borland Intl (Electricals), Chelsea Man (Drapery and Stores), Clarkson (Horace) (Shipping), Greyhound Corporation (Americans), M6 Cash & Carry (Food, Groceries, etc), Morgan Grenfell (Banks), Teaby Inds (Electricals), Thames Television (Leisure), Unilock Hldgs (Industrials).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: — Jaguar, Nationwide Leisure, Scottish Eastern Investment Trust.

Finals:—Blagden Industries, Impala Platinum, Peerless, Vibroplant, J. W. Wassall.

FUTURE DATES

Interims:—

Crowther (John)	Sept 16
Hymen	Sept 2
President Entertainments	Aug 27
Provident Financial	Sept 9
Sun Life Assurance	Sept 17

Finals:—

Consolidated Gold Fields	Sept 16
Highgate and Job	Aug 22
Minerals Oils and Resources Shares Fund	Sept 2

Appointments

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
AMEC	Aug 28	Interim 4.0
Assoc. Brit. Ports	Sept 11	Interim 1.8
Ault and Wiborg	Aug 23	Interim due
*BAT Inds	Sept 10	Interim 4.75
*BCI	Aug 27	Interim 6.0
BICC	Sept 4	Interim 3.5
*BP	Aug 28	Interim 12.0
BPCC	Sept 16	Interim 4.0
BTR	Sept 11	Interim 3.75
*Babcock Intl	Sept 4	Interim 4.0
Booker	Sept 11	Interim 4.25
Bowater	Sept 11	Interim 3.75
Brent Chems	Sept 16	Interim 0.85
Britannia Arrow	Sept 19	Interim 1.2
British Aerospace	Aug 30	Interim 6.8
British Vita	Sept 6	Interim 3.3
*Brixton Estate	Sept 16	Interim 2.3
Brown Boveri	Sept 16	Interim 1.0
*Bunzl	Sept 4	Interim 4.25
Burmah Oil	Sept 12	Interim 4.5
Cadbury Schweppes	Sept 6	Interim 1.6
Cement Roadstone	Sept 4	Interim 1.16
Coats Patons	Sept 17	Interim 1.8
*Cons Gold Fields	Sept 16	Final 16.0
Cookson	Sept 6	Interim 2.4
Costain	Sept 11	Interim 6.0
Croda Intl	Sept 10	Interim 3.0
Dalgety	Sept 16	Final 14.0
*De Beers	Aug 19	Interim 15c
Delta	Sept 13	Interim 2.35
Enterprise Oil	Sept 16	Interim 3.5
Euro Ferries	Sept 19	Interim 1.1
Expamet Intl	Sept 10	Interim 2.35
*Exco Intl	Sept 2	Interim 1.6
Fisons	Sept 17	Interim 2.16
*Gold Fields SA	Aug 18	Final 80c
Hawley	Aug 21	Interim 1.75c
Hepworth Ceramic	Sept 12	Interim 2.9
Hillsdown	Sept 4	Interim 1.2
*HK Shanghai Bank	Aug 26	Interim $0.16
*Horizon Travel	Aug 20	Interim 0.88
*IMI	Sept 2	Interim 2.2
LASMO	Sept 3	Interim 4.5
Ladbroke	Aug 28	Interim 5.0
Laing (J.)	Sept 12	Interim 2.0
Laird	Sept 6	Interim 2.4
Laporte	Sept 18	Interim 8.2
Legal and General	Sept 18	Interim 8.5
London Merch Secs	Sept 10	Final 1.6
*Low & Bonar	Sept 8	Interim 3.8
*McAlpine (A.)	Sept 9	Interim 3.0
*Marley	Aug 27	Interim 1.4
*Metal Closures	Sept 3	Interim 2.2
Morgan Crucible	Sept 12	Interim 3.9
*Pearl Assur	Aug 27	Interim 15.25
Pearson	Sept	§Interim 4.25
P & O	Sept 4	Interim 6.0
*Pentland Industs	Aug 28	Interim 0.84
*Prudential	Sept 10	Interim 6.0
*Queens Moat Houses	Sept 10	Interim 0.765
*Ransomes Sims	Sept 16	Interim 1.5
Reckitt & Colman	Sept 11	Interim 6.0
*Rentokil	Aug 18	Interim 0.89
Rowntree Mackintosh	Sept 19	Interim 4.0
Sime Darby	Sept 2	Final 6.8 sen
*Simon Eng	Sept 16	Interim 2.6
*Slough Estates	Aug 27	Interim 2.2
*Smith (W. H.)	Aug 20	Final 0.943
*Standard Chartered	Aug 18	Interim 10.5
Stewart Wrightson	Sept 18	Interim 6.3
*Sun Alliance	Sept 3	Interim 6.75
Tarmac	Sept 16	Interim 2.2
Taylor Woodrow	Aug 27	Interim 4.0
Travis & Arnold	Sept 17	Interim 1.95
Turner & Newall	Sept 12	Interim 1.35
Utd Biscuits	Sept 12	Interim 2.86
Watts City of Lndn Props	Sept 3	Interim due
*Weir	Aug 27	Interim 0.75
Williams Holdings	Aug 29	Interim due
Willis Faber	Sept 10	Interim 5.0
Woolworth	Sept 18	Interim 3.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FINANCIAL TIMES STOCK INDICES

	August 15	August 14	August 13	August 12	August 11	August 8	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs.	89.29	89.00	88.86	89.17	88.98	88.86	94.51	80.39	127.4	49.18
Fixed Interest	95.48	95.34	95.69	95.76	95.63	95.77	97.68	86.55	150.4	50.53
Ordinary	1271.0	1263.2	1261.0	1242.0	1228.7	1217.4	1425.9	1094.3	1425.9	49.4
Gold Mines	222.6	230.1	233.7	232.9	238.0	202.9	357.0	185.7	734.7	43.5
FT-Act All Share	790.34	783.63	780.13	770.54	762.19	757.22	832.39	664.42	832.39	61.92
FT-SE 100	1601.9	1588.2	1581.0	1558.2	1542.8	1526.7	1717.6	1370.1	1717.6	986.9

GRANVILLE

Granville & Co. Limited
8 Lovat Lane London EC3R 8BP
Telephone 01-621 1212
Member of Fimbra

Capitalisation £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
4,439	Ass. Brit. Ind. Ord.	132	+1	7.3	5.5	8.1	7.5
—	Ass. Brit. Ind. CULS	131	—	10.0	7.6	—	—
6,252	Airsprung Group	108	−2	7.6	7.0	6.6	6.0
875	Armitage & Rhodes	35	—	4.3	12.3	4.3	6.2
59,160	Bardon Hill	184	−1	4.6	2.5	20.9	18.2
4,412	Bray Technologies	80	—	4.3	5.4	9.5	6.7
291	CCL Ordinary	83	+3	2.9	3.5	6.9	8.2
1,075	CCL 11pc Conv. Pref.	88	—	15.7	16.3	—	—
14,098	Carborundum Ord.	235	—	6.1	8.9	11.4	11.6
644	Carborundum 7.5pc Prf.	92	+1	10.7	11.6	—	—
6,635	Deborah Services	72	+4	7.0	8.7	7.5	9.9
3,178	Frederick Parker Group	22½	−½	—	—	—	—
2,214	George Blair	120	—	3.6	3.2	3.1	4.4
2,843	Ind. Precision Castings	70	—	8.0	4.3	18.5	15.5
13,224	Isis Group	168	—	16.0	9.0	12.8	18.1
6,197	Jackson Group	116	−1	6.1	5.1	8.1	7.3
81,410	James Burrough	367	—	17.0	4.6	10.3	9.4
3,362	James Burrough 9pc Pf.	96xd	−4	12.9	13.4	—	—
5,940	John Howard Group	87	—	5.0	8.8	—	—
74,858	Multihouse N.V.	960	−60	—	—	50.3	65.5
8,602	Record Ridgway Ord.	374	—	—	—	6.7	11.5
2,403	Record Ridgway 10pc Pf	89	—	14.1	16.8	—	—
714	Robert Jenkins	70	−2	—	—	3.1	4.4
2,220	Scruttons "A"	37	−1	—	—	—	9.5
2,490	Torday & Carlisle	102	+6	5.7	5.6	6.2	6.3
1,450	Trevian Holdings	320	—	7.9	2.9	6.7	6.6
13,500	Unilock Holdings	88	—	2.6	4.1	12.6	11.7
28,185	Walter Alexander	202	+2	6.6	4.3	11.4	13.9
4,551	W. S. Yeates	195	+2	17.4	8.9	16.5	21.7

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or –	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	5/9	171	165	Acatos & Hutcheson 50p	171	......	bd 5.25	2.9	4.3	11.4
‖ ‖	F.P.	15/8	127	108	♦Airspring Group 10p	108	......	5.4	2.8	7.0	7.1
§115	F.P.	22/8	142	128	♦Anglia Sec Homes 10p	142	+2	R1.63	5.0	1.6	17.5
§115	F.P.	22/8	125	119	♦Atlas Conv'ting Eqp 5p	119	–1	R4.9	2.3	5.8	10.8
§67	F.P.	8/8	71	68	♦BBB Design Grp 5p	70	......	L1.0	4.2	2.0	16.8
‖ ‖	F.P.	—	289	280	BTR Nylex A$0.50	286	......	Q15c	2.7	2.2	17.1
‖ ‖	F.P.	—	53	41	Bertrams Inv. Tst	42	–3	—	—	—	—
§110	F.P.	18/7	115	85	♦C'bell & Armstrong 5p	93	+5	u3.9	1.91	5.9	11.9
§63	F.P.	6/8	69	61½	♦Camotech 10p	62	......	R2.0	2.4	4.5	12.7
100	F.P.	4/9	85	84	Child Med C.IT£1‡‡	85	......				
¶¶	F.P.	—	100	50	Clayform Warrants	50	......	—	—	—	—
§110	F.P.	12/9	114	111	♦Colne Int 5p	114	+2	R2.7	3.4	3.3	12.5
134	F.P.	—	140	134	♦F & H Group 10p	140	+4	L4.76	2.5	4.8	11.6
§70	F.P.	22/8	74	71	♦Fletcher Den'ys S. 5p	72	......	L2.5	1.9	4.9	15.3
210	F.P.	—	205	191	G. T. Management 1p	205	+5	R3.0	3.4	2.1	17.2
150	F.P.	25/7	164	150	Guthrie Corp	162	+1	u5.3	2.2	4.6	10.4
150	F.P.	15/8	165	156	Harrison Inds. 10p	165	+3	g5.0	2.7	4.3	12.4
§92	F.P.	28/8	95	87	♦Hilde Ergonom 10p	92	......	L2.0	3.1	3.1	12.7
§20	F.P.	15/8	25½	21½	♦Hughes Food 5p	24	+1½	R0.5	2.8	2.9	17.3
—	F.P.	29/8	£37	£36	JF Pacific Warrant S.A.	36½	......	—	—	—	—
R30	Nil	—	325	180	Joel (H.J.) Ltd Units	180	......	—	—	—	—
§154	F.P.	13/8	160	157	Kleinwort Dev. Fnd	160	......	—	—	—	—
110	F.P.	5/9	98	90	♦Marina Dev. 50p	98	......	R3.13	3.0	4.5	9.42
§33	F.P.	29/8	34	32	♦Omnitech 1p	32	......	—	—	—	—
§120	F.P.	29/8	120	110	♦Per. Computers 5p	110	......	R3.0	3.3	3.8	11.2
§113	F.P.	29/8	114	112	St. David's Inv. Tst. Inc.	114	......	H6.8	—	8.4	—
§75	F.P.	29/8	77	75	Do Cap.	76	......	—	—	—	—
§72	F.P.	15/8	160	99	♦Shield Group 5p	145	......	L2.0	3.1	1.9	21.2
§165	F.P.	1/8	184	158	♦Smallbone 10p	160	......	u5.0	2.1	4.4	14.9
§98	F.P.	6/8	106	98	♦Space Planning 10p	98	......	R1.8	3.4	2.6	16.0
§110	F.P.	28/8	125	119	Stanley Leisure	120	......	u3.25	2.8	3.8	13.3
130	F.P.	21/8	157½	137	♦TV-am 10p	157½	+3½	R5.75	2.6	5.1	10.5
120	F.P.	6/8	131	100	Tibbet & Britten 5p	131	......	R3.5	2.6	3.8	14.6
‖ ‖	F.P.	—	160	152	VSEL Consortium £1	157	......	W5.68	4.3	5.1	4.9
††	F.P.	—	100	95	Welsh Ind. Inv. Tst. 5p	100	......	—	—	—	—
106	F.P.	22/8	112	100	Windsmoor 5p	105	......	u3.25	2.3	4.4	14.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
**	F.P.	–	155	135	Authority Invs. 8% Cnv. Uns. Ln. 2006-11	142	+2
§97.947	£25	17/9	27¼	25¼	Bankers Inv. Tst. 10½% Deb. 2016	26⅝	......
£100	£10	23/10	9¾	9½	Bournem'th & Dist Wtr 10⅝%Rd Db 1996	9¾	—
99.160	F.P.	—	99¾	99½	Elect & Gen. Inv. 10¼% Deb. 2011	99¾	+¼
109.89	£40	29/8	40	36½	Estates & Gen. 11¼% 1st Deb. 2018	37¼	+¼
97.963	£25	24/10	25¼	19	Gt. Portland 9½% 1st. Mort. Deb. 2016	20¾	+¼
—	—	—	29	28½	JF Pacific Warrant S. A. Pref.	28½	......
105.523	£25	21/8	26	18	Land Securities 10% 1st. Mort. Deb.25	19	+½
§99.793	£25	24/9	24¾	20¾	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	21	+¼
—	F.P.	—	100¼	99⅞	Nationwide 10⅝% 27/7/87	100¼	......
§99.937	£25	24/10	25¼	23¼	Do 3⅞% IL Ln. 2021	24⅝	+¼
—	F.P.	—	100¼	100	Do 10⅛% 17/8/87	100⅛	......
‖	Nil	—	5ppm	5ppm	Rea Bros. Group 8.6% Cnv. Cnv. Prf.	5ppm	......
‖	Nil	30/9	4ppm	1ppm	Scantronic 5.75% Cnv. Cum. Red. Prf.	3ppm	+½
‖	Nil	16/9	3ppm	2ppm	Stewart Ent. 6¼% Cnv. Cnv. Red. Prf.	2ppm	—
‖	Nil	11/9	5pm	¼pm	Utd Leasing 9½% Cnv. Sub Uns Ln '98—2001	¼pm	—
‖ ‖	F.P.	—	101¼	101	VSEL Cons.11% Uns. Ln. 1996	101	......
—	F.P.	—	110p	107p	Wight C'ns Cv. Cm. Rd. Prf. 1999 10p	110p	......

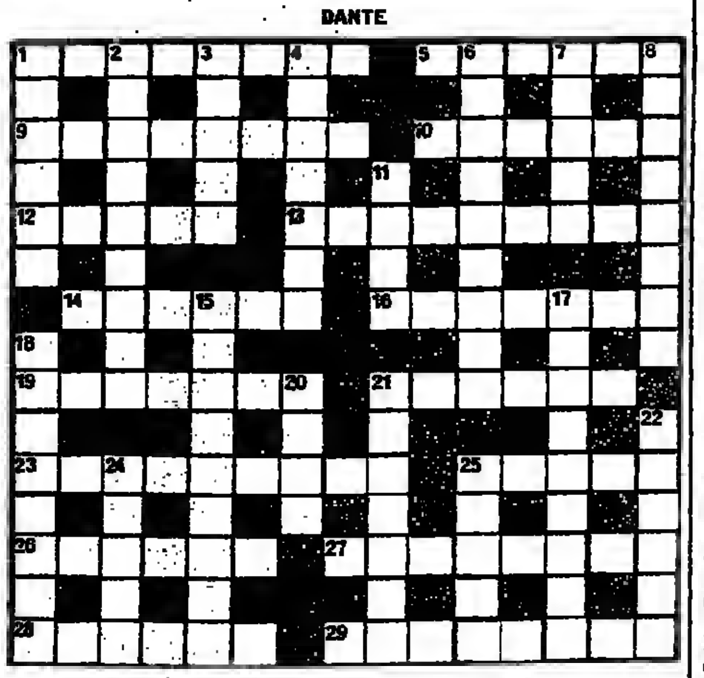
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
2	Nil	—	3½pm	2½pm	Assoc. Brit. Eng. 1p	2½pm	......
12	F.P.	19/9	13¼	12¼	Barlow & Dobson 1p	12¼	......
39	Nil	10/10	2pm	1½pm	Blackwood Hodge	1½pm	......
5	Nil	—	38pm	26pm	♦Caywsion 5p	26pm	......
5	Nil	12/9	29pm	12pm	♦Hobson 5p	29pm	+6
330	F.P.	26/9	411	388	London United 20p.	405	+4
120	F.P.	19/9	143	130	Medminster 10p	135	+5
21½	F.P.	—	24	24	Rock	24	......
35	Nil	12/9	30pm	20pm	♦Rockwood 10p	20pm	......
350	Nil	19/9	41pm	15pm	Rowntree Mackintosh 50p	45pm	+4
200	Nil	—	23pm	17pm	TVS N/Vtg. 10p	17pm	......
125	F.P.	24/9	143	136	♦Tod 5p	141	+1
390	Nil	3/10	117pm	105pm	WPP Group 10p	108pm	–9

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ ‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

FT CROSSWORD PUZZLE NO 6,102

DANTE



ACROSS

1 Stuck for some means of identification? (6).
5 Officer assisting general in ptao that's crazy (6).
9 Adventurous men who went to the top at sea (8).
10 Urges some simple modification (6).
12 One is upset by such a din (5).
13 Walk about certain to be highly estimated (9).
14 Beast retiring with a broken toe (6).
16 Add more solids to kitchen stew (7).
19 Hemp is used in making these jackets (7).
21 Yarn that's embroidered (6).
23 Soldier embraces a licentious Italian union leader (9).
25 Light beam that's very strong (5).
26 A nut go into this? Yes (6).
27 Where many enjoy the pleasures of the slippery path (3, 5).
28 I'd boil uncontrollably with desire (6).
29 Honoured with high rank in the finish (8).

DOWN

1 The story of Achilles' heel? (6).
2 Not quite a sea, rather a seaport (9).
3 Won't take authority (5).
4 Give one the right to call (7).
6 Truce—it's a crime if one breaks it (9).
7 Jump over net (5).
8 Father is unhappy over girl in California (8).
11 Borrowed time? (4).
15 In the drink company chairman's position? (9).
17 Gets neither hot nor bothered (5, 4).
18 The prototype of a girl in love, possibly (8).
20 It's kept in cellars (4).
21 Yellow bird (7).
22 Give the word to pass by a quaker (6).
24 A line that sounds odd (5).
25 Catch a girl with nothing un (5).

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.4	19.6		0.15
Pacific Basin	13.7	14.6		0.2
Canadian Balanced Grwth	55.8	59.6	...	0.98
Ginnie Mae	122.5	126.7	...	7.2

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 422431

British Small Co's (2)	55.5	57.1	+0.3	1.50
British Growth (2)	56.2	60.1	+0.1	2.00
British Income (2)	65.1	66.9	-0.1	5.50
British Extra Yield (2)	51.0	52.4	+0.3	1.30

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.8	68.9	+0.1	6.00
U.S. Govmnt Bond F	$0.509	0.512	...	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	47.8	50.9	+0.3	7.79
Growth Trust	49.9	51.1	+0.5	2.27
Income Trust	52.8	56.2	+0.3	9.21

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 2592

Growth Fund	61.1	70.6		2.97

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenny Bdge, Huddersfield 0484 602253

Y.G.T.	172.2	130.0	+0.6	3.42

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 39542

AA Friendly Sj Aug 8		103.1	...	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	226.4	217.3	...	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Inter & Sure Bond	96.0	102.0	+1.0	—
Risk & Onward Bond	116.0	123.0		—
Murray Johnstone Fd	117.0	124.2		—
Money Market Fd	100.0	106.0		—
Inter & Sure Pens Fd	96.0	102.0		—
Risk & Onward Pens Fd	98.0	104.0	+1.0	—
Murray J'stone Pens Fd	115.0	121.0		—
Money Market Pens Fd	100.0	106.0		—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series

Property Fund	111.2	117.1		—
Money Fund	220.8	232.5	+0.1	—
Managed Fund	406.1	427.2	+1.5	—
Equity Fund	249.9	263.1	+1.2	—
Fixed Interest Fund	169.7	197.6	+0.3	—
Far East Fund	214.2	225.5	+1.9	—
North American Fund	177.1	186.5	+0.1	—
Natural Resources Fund	130.6	137.5	+1.9	—
Pension Managed Fund	373.4	393.1	+0.2	—
Pension Equity Fund	239.4	252.0	+4.5	—
Adventurous Mngd Fd	110.1	115.9	+F.2	—
Balanced Mngd Fd	104.0	109.5	+2.1	—
Conservative Mngd Fd	104.0	109.5	+2.1	—
European Fund	102.5	107.9	+2.4	—
International Fund	103.5	109.0	-1.8	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	133.5	140.4	+0.5	—
Equity	149.0	156.9	+1.0	—
Property	108.3	114.1		—
Gilt & Fixed Interest	116.4	122.6	+0.3	—
Indexed Securities	100.8	106.2		—
Cash	107.0	112.7		—
North American	108.6	114.4	-0.3	—
Far East	134.8	142.0	-0.7	—
International	125.4	132.1	-0.1	—
Special Situations	146.3	154.1	+0.6	—
International Income	137.1	144.5	+0.4	—
American Income	114.6	120.7	-0.6	—
European	146.2	153.9	+1.0	—

Flexible Retirement Plan

Mixed	137.7	145.0	+0.5	—
Equity	144.0	151.6	+1.2	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$19.08		+0.01	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.32			—

Inv. Adv. M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$18.69			—
Dynamic Grwth Fd	$20.05			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.02	12.71		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.50			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.57	7.15	10.44	6-mth
7-day Fnd	9.50	7.10	10.34	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	9.59	7.17	10.28	6-Mth
7-day Fund	9.56	7.15	10.25	6-Mth
Dollar	5.25	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc.	9.25	6.80	9.62	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.91	9.59	Qtr
Mth. Int. Chq.	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc.	10.125	7.57	11.04	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.30	6.95	10.11	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.50	7.00	10.12	Qtr
Benchmark Trust Ltd 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.00	7.47	10.88	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.625	7.19	10.47	Mth
U.S. Dollar	5.87	4.39	6.31	Mth
German Marks	5.0	2.99	4.27	Mth
Swiss francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.61	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-742 4941				
Money Market Plus	25,030+	7.50	10.92	Mth
For other rates please 'phone our Ratefone 01-846 9768				
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500 +	9.30	7.00	10.12	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc.	9.50	7.10	10.30	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	9.30	6.95	10.11	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	9.70	7.25	10.39	6-mth
Lloyds Bank PLC 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	9.00	7.20	10.42	Qtr
Lombard North Central PLC 17 Bruton St. W1A 3DH 01-409 3434				
14-Day Notice	9.00	6.72	9.46	—
M & G/Kleinwort Benson M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. £12,500+	9.20	6.87	10.00	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext.8655				
High Int Chq Acc.	9.03	6.75	9.75	Qtr
£10,000 +	9.36	7.00	10.12	Qtr
M.I.M. Britannia Ltd 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	9.50	7.10	10.3338	—
NatWest Special Reserve Account 41 Lothbury, London, EC2P 2BP 01-256 9933				
£2,000 to £9,999	9.25	6.875	9.94	Qtr
£10,000 and above	9.375	7.00	10.12	Qtr
Oppenheimer Money Mgmnt Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	9.25	—	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc.	9.50	7.10	10.27	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc.	10.25	7.66	11.17	Mth
Royal Bank of Scotland plc 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	9.50	7.10	10.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	9.23	6.90	10.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	9.53	7.13	10.31	Qtr
Money Acc	9.36	7.00	10.12	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.00	6.73	9.77	Mth
Over £10,000	9.25	6.91	10.04	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 224141				
High Int Chq Acc.	10.00	7.47	10.80	Qtr
Wimbledon & South West Finance Co Ltd 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc.	11.00	8.22	—	Qtr.

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	18
BSR	11	Polly Peck	16
BTR	28	Racal Elect	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	16
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons	22	Unilever	120
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	48	Burmah Oil	30
ICI	55	Charterhall	4
Jaguar	38	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	38	**Mines**	
Lucas Inds	52	Cons Gold	40
Marks & Spencer	18	Lonrho	24
Midland Bk	44	Rio T Zinc	50
Morgan Grenfell	30		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
29 Apr	29 Oct	Exch. 14pc 1986	100¼	24.3	13.92	10.06
21 May	21 Nov	Exch. 2½pc 1986	98⅛	14.4	2.53	7.06
22 Jul	22 Jan	Exch. 13½pc 1987	101⅜	25.5	13.06	9.40
10 Aug	10 Feb	Treas 10¼pc Cv '87	100⅞	4.7	10.22	9.46
24 Aug	24 Feb	Exch 2½pc 1987	97⅛	18.7	2.56	6.96
6 Oct	6 Apr	Exch. 10½pc 1987	100⅞	3.3	10.42	9.59
1 Nov	1 May	Funding 6½pc '85-87‡‡	98⅛	25.3	6.62	8.88
12 Dec	12 Jne	Treas. 10pc 1987	100⅞	5.5	9.97	9.52
14 Jan	14 Jly	Treas 3pc 1987	96⅛	30.6	3.11	7.05
3 Mar	3 Nov	Treas. 12pc 1987	102⅝	28.3	11.70	9.55
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	98	29.6	7.91	9.23
10 Nov	10 May	Exch 10½pc '88	101⅛	3.4	10.35	9.50
14 Dec	14 Jne	Treas 9¾pc Cv '88	100⅛	8.5	9.71	9.45
1 Jan	1 Jul	Transport 3pc '78-88	92¼	27.5	3.24	7.25
25 Apr	25 Oct	Treas. 9½pc '88	99⅝	19.3	9.51	9.50
22 Aug	22 Feb	Treas 11½pc 1989	104⅛	16.7	11.02	9.46
18 Oct	18 Apr	Treas 9½pc Cnv. '89	100⅛	22.3	9.49	9.40
15 Nov	15 May	Treas 3pc 1989	89⅛	2.4	3.26	7.32
14 Dec	14 Jun	Treas 10½pc 1989	102⅛	8.5	10.25	9.47
1 Feb	1 Aug	Exch 10pc 1989	101⅛	25.6	9.89	9.52
29 Mar	29 Sep	Exch 11pc 1989	103⅝	20.2	10.61	9.57
15 Apr	15 Oct	Treas 5pc 1986-89	91¾	10.3	5.43	8.19
15 May	15 Nov	Exch 10¼pc Cv '89	105⅛	8.4	9.73	2.27
15 Jul	15 Jan	Treas 13pc 1990‡‡	110⅛	9.6	11.72	9.33
12 Aug	12 Feb	Exch 11pc 1990‡‡	104⅛	7.7	10.51	9.38
22 Sep	22 Mar	Exch. 12¼pc 1990	109	13.2	11.41	9.47
8 Nov	8 May	Treas. 3pc 1990	86¼	2.4	3.49	7.52
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	97⅛	9.5	8.46	9.00
25 Apr	25 Oct	Treas. 10pc Cv 1990	102	19.3	9.83	9.39
22 May	22 Nov	Exch 2½pc 1990	83¼	15.4	3.01	7.12
10 July	10 Jan	Treas 11¾pc 1991	108⅛	3.6	10.86	9.51
5 Oct	5 Apr	Funding 5¾pc '87-91‡‡	91⅛	3.3	6.32	8.10
13 Nov	13 May	Treas. 3pc 1991●	83	—	3.62	7.31
		Five to Fifteen Years				
25 Apr	25 Oct	Exch. 11pc 1991	106⅛	19.3	10.34	9.42

AMERICANS—Cont.

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'er	Y'ld Gr's
Ap Jy Oc Ja	Chemical New York	31⅛	10.6	$2.60	—	5.6
Mar Jun S D	Chesebrough-Pond's $1	32⅞	30.5	$2.00	—	4.2
Mar Jun S D	Chrysler $6¼	25¼	10.6	66.6c	—	1.7
My Au N F	Citicorp $4	37⅝	24.3	$2.26	—	4.1
Fb My Ag Nv	City Fed Fin Corp.	11⅛	20.12	40c	—	2.3
F My Au N	Colgate-P. $1	26⅞	22.4	$1.36	—	3.5
Mr Ju Se De	Colt Inds. $1	61⅞	10.6	$2.50	—	2.8
Fe My Au Nv	Con. Freightwy. 30 c/s	20⅛	6.5	82c	—	2.8
Fe My Au Nv	Cont Illinois Corp $1	409p	—	—	—	—
Fe My Au Nv	Cont Illinois Hldgs $1	17⅛p	3.84	—	—	—
—	¶Corcorate Data Srvce	44p	—	—	—	—
—	Cullinet Sftwr $0.1	593p	—	—	—	—
—	Damson Oil 4c	83½p	—	—	—	—
Mar Jun S D	Dana Corp. $1	20¼	22.5	$1.28	—	4.3
—	Data General	23¼	—	—	—	—
—	¶Dennis-Lock Medial	13½p	—	—	—	—
Mr Jn Sp Dc	Dun & Bradstreet $1	74⅛	15.8	$2.56	—	2.3
F My Au N	Eaton Corpn. 50c	46⅛	30.7	$1.60	—	2.4
Mr Jn Sep Dec	FPL Group $0.01	24⅛	27.5	$2.04	—	5.7
—	Fairmont Fin	12½	—	—	—	—
F May Au N	Fst Chicago Amer 50c	576p	25.6	—	—	—
Jan Apr Jly O	First Chicago $5	20⅛	3.6	$1.32	—	4.4
Mar Jun S D	Ford Motor $2	39⅛	30.7	$2.20	—	3.8
Mar Jun S D	GATX 62½c	22	10.6	$1.50	—	4.7
April Oct	Gen. Elect. $1¼	51⅜	3.6	$2.32	—	3.1
—	¶General Hop Corp $1	13¼	—	22c	—	1.1
Mar Jun S D	Gillette $1	30¼	29.7	$2.73	—	6.1
Fe My Au Nv	Gt Am First Svgs $1	15⅛	25.7	$26.7c	—	1.2
Fe My Au Nv	Gt Western Fin $1	31⅛	30.4	$1.20	—	2.6
Ja Ap Jy Oc	Greyhound $1.50	13⅛	—	$1.26	—	4.0
Ja Nc Ap My	Hasbro Inc $0.50	38⅛	18.8	18c	—	0.3
Mar Jun S D	Honeywell $1.50	45⅛	25.2	$2.00	—	3.0
Nc Au Ap Ja	Hospital Corp Am $1	24⅛	30.6	50c	—	1.4
Mr Jn Se Dc	Houston Inds Incd	23⅛	12.8	$2.80	—	8.1
Mar Jun S D	IBM Corpn $1.25	89⅝	8.4	$4.40	—	3.4
Ap Jy Oc Ja	IC Industries	17⅛	20.6	72c	—	2.8
Ja Ap Jy Oc	ITT Corpn $1	35⅝	4.8	$1.00	—	1.9

Over Fifteen Years

Undated

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Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Apr.	Nov.	Ayer Hitam SM1	140	10.3	vQ155c	1.5	28.6
July		Geevor	25	17.6	—	—	—
Jan	Sept	Gopeng Berhad M$0.50	35	10.3	‡$0.16	♦	15.9
—		Hongkong	65¢4	6/81	—	—	—
May		Jantar 12½p	29	2.6	2.5	0.1	12.1
Dec	Aug	Malaysia Mng. 10c	22	11.11	vQ2c	♦	2.4
—		♥Pahang	17‡	—	B—	—	—
—		Pengkalen 10p	175	4/83	—	—	—
December		Petaling SM1	60	25.11	vQ60c	0.2	19.4
September		Sungei Besi SM1	95	12.8	‡vQ43c	—	‡
—		Tanjong 15p	95	6/81	—	—	—
Oct	July	Tronoh SM1	80	12.5	vQ45c	0.8	14.5

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	70	—	—	—	—
—		Anglo Utd Dev	34	14.7	1.07	♦	6.2
—		♥Colby Res Corp.	38½	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	128	14.7	Q100c	♦	15.7
—		♦Emess Im. Ir10p	28	—	—	—	—
—		Greenwich Res	99	—	—	—	—
Apr	Oct	Hampton Areas 10p	146	23.12	♦1.0	—	1.0
—		♥Highwood Res	319	—	—	—	—
Fb Jn Ag Nv		Homestake Mining $1	£16¼	30.7	Q20c	—	0.8
—		♥McFinley Red Lake	175	—	—	—	—
—		♥Musto Explorations	147	—	—	—	—
—		♥New Sabina Res CS1.	29	—	—	—	—
—		Northgate CS1	266	9/77	—	—	—
Jan.	July	RTZ	587	12.5	22.0	2.8	5.3
Jan	July	Do. 9⅜pcLn '95-2000	£130	12.5	Q9½%	15.5	(7.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ♠ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1981. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	59	..	Fin 13% 97/02	£124½	−1½
Craig & Rose £1	£23	+1	Arnotts	310	.....
Finlay Pkg. 5p	42	.	CPI Hldgs	45	...
Holt (Jos) 25p	805	..	Carroll Inds.	141	−4
IoM Stm. £1	75	....	Dublin Gas	30	.....
			Hall (R. & H.)	70	....
IRISH			Heiton Hldgs.	31	..
Fund 11¾% 1988	£101½	...	Irish Ropes	95	..
Nat. 9¾% 84/89	£98½	....	Unidare	230	...

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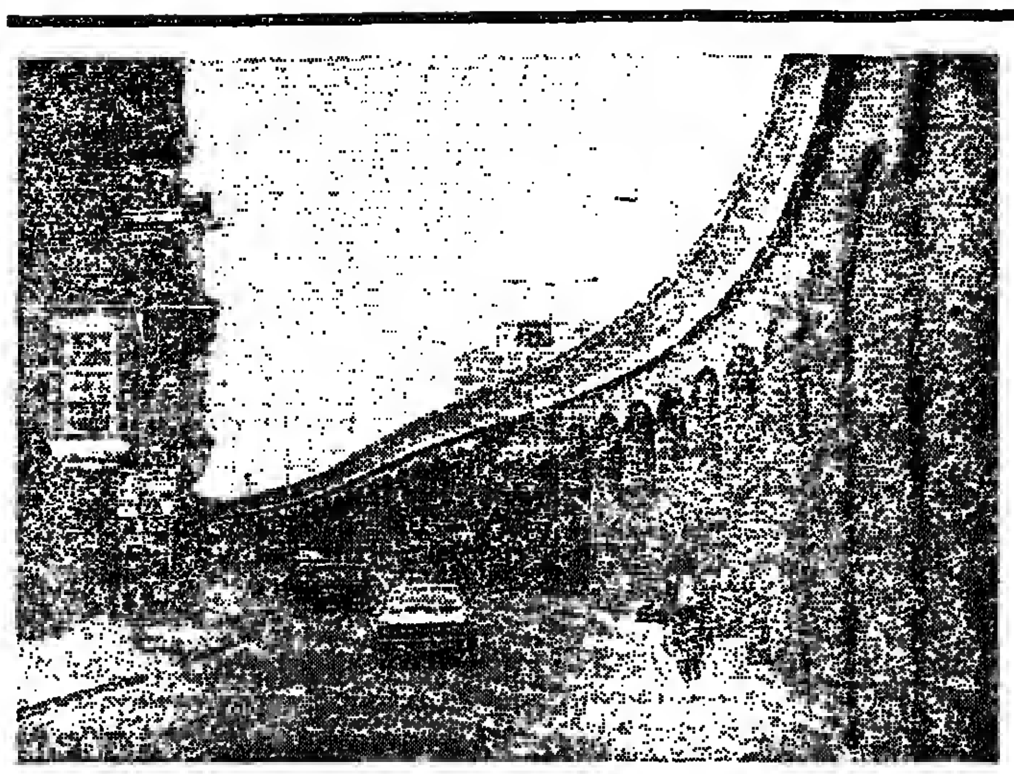
CONSTRUCTION CONTRACTS

Laboratory for Glaxo

RUSH & TOMPKINS has won six contracts worth more than £19m in the North East, including a £8.2m contract with Glaxo Operations UK for a quality assurance building at Barnard Castle, County Durham. The three-storey 4,700 sq metre steel-frame structure has in situ reinforced concrete floors and brick-work cladding, and the contract includes all mechanical and electrical services and external works. Work has started for completion in October 1987. On Tyneside work has started on a £7.2m contract to fit out a 13,000 sq metre two-storey House of Fraser department store at the Gateshead MetroCentre. The developer is Cameron Hall Developments. Internal demolition of a listed bank building at 102, Grey St, Newcastle, is under way as part of a £3.55m contract with Lloyds Bank. A seven-storey 4,600 sq metre steel-frame structure with in situ concrete floors and strongroom is to be built behind the existing stone faced perimeter walls. Completion is scheduled for December 1987. In Stockton a £1.3m contract with the Central Electricity Generating Board for an administration building at Hartlepool power station has started. A £600,000 pub in Whitburn for Toby Restaurants and a £300,000 medical centre in Wallsend are both scheduled for completion early in 1987.

★

LESSER DESIGN & BUILD has signed a management fee contract worth £3.5m for fitting out the 90,000 sq ft headquarters for B & Q Retail at Hampshire Corporate Park, a Capital & Counties 20 acre multi-million pound office park development at Chandler's Ford, Hampshire.



Road in harmony with town

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

Fitting a hypass into a city centre without destroying its scale is a problem Cleveland County surveyor Garth Drabble decided to solve with an arcaded concrete viaduct, clad in red bricks to mirror the Victorian buildings nearby, and with shops underneath.

The east-west bypass was needed in Middlesbrough town centre to relieve traffic congestion from the A66 trunk road passing through it.

Traffic studies showed that 45 per cent of the vehicles passed through the town without stopping, so making the need for a bypass clear.

But the problem was how to build it without destroying the town's atmosphere and creating a featureless modern structure out of scale with its surroundings.

The designers decided to create a viaduct as the best way of allowing freedom of movement at ground level while reducing the visual and sound pollution of traffic.

They also decided on an arched arcade to help reduce the scale of the viaduct, and to give it walls and parapets more in sympathy with the Victorian buildings nearby by cladding them with red bricks pointed with brown mortar.

The 230 metres long concrete viaduct is built in 30 metres long modular units varying in width from 19 to 26 metres. The beams between are 1.35 and 1.6 metres thick, topped with a deck slab 450 mm thick.

The deck units rest on three rows of columns ranging in height from 4 to 6 metres and of a tapered cross-section varying from 770 to 900 mm.

The 69 columns are located at 10 metre centres, giving a grid which breaks the space under the viaduct into units which can be adapted for various shop layouts.

The designers also decided to use the new bypass as an opportunity to reinstate the statue of Mr Henry Bolckow, the founder of Middlesbrough's iron and steel industry. Moved from its original home in 1925, this large statue has now been returned to the refurbished Exchange Square to the north of the viaduct.

The contract value is £4m and the main contractor is CEMENTATION CONSTRUCTION.

Crown House wins orders worth £27m

CROWN HOUSE ENGINEERING has won 21 contracts across the UK for mechanical and electrical services with a total value of over £27m. Contracts for the commercial / industrial sector total £19m and include £3.75m-worth of mechanical services for NEC at Livingston (Scotland) and a £5.9m mechanical and electrical services contract as part of the refurbishment of the Old Billingsgate Market in London. Crown House Engineering's continued success also includes five hospital contracts (£6m) and a further three for the public sector valued at £2.2m.

★

BOWMER & KIRKLAND has secured £8.5m-worth of contracts. The projects vary from "new build" to refurbishment, and include construction of a £1.7m headquarters complex for SAAB (UK) at Arlington Securities Business Park at Marlow, Bucks; Keunen Brothers, part of The Pittard Group, placed a £2.7m contract to extend its Irthlingborough site in Northamptonshire; a £420,000 contract has been awarded by Transmitton to design and construct two-storey offices at Smisby Road, Ashby-de-la-Zouch, Leicestershire; and the Central Midlands Co-operative Society is re-locating its administrative departments and to accommodate them has purchased an office and warehouse complex—a £500,000 management contract has been awarded to carry out the refurbishment and adaptation works involved to create the new accommodation in only 14 weeks.

★

LESSER DESIGN & BUILD has an order worth about £2m to construct a chemical and metallurgical laboratory for the Property Services Agency on behalf of the Ministry of Defence, at Devonport, Plymouth, Devon. Work on the laboratory in Devonport Docks has started and is scheduled for completion by April 1987.

Imperial War Museum redevelopment scheme

The Government's Property Services Agency has awarded a management contract for Phase 1 of Stage 1 of the Imperial War Museum's redevelopment scheme to TAYLOR WOODROW. Work is expected to start next month with completion in October 1988 and is estimated to cost about £10m, of which the Imperial War Museum are contributing £2.5m which has been raised by private donations.

The Museum building is generally in poor physical condition, requiring major repair and renovation. The roofs and windows need substantial renewing and the floors require strengthening. The drainage is inadequate and the heating system is potentially dangerous and inefficient, says the PSA. A major redevelopment scheme has now been designed by Arup Associates to overcome these problems of space and poor physical condition within the existing shell of the building. A three-stage scheme is envisaged, spread over several years.

The first phase of Stage 1 is now being taken forward. This involves removal of the single-storey galleries in the central courtyard; construction of a new roof over the courtyard; new gallery floors at main entrance and basement levels and much essential maintenance work. Phase 1 is viable in its own right and deals with the majority of the maintenance problems. Phases 2 and 3 would provide additional gallery floors at higher levels.

The museum will remain open to the public during the redevelopment work.

G. DEW & CO, Oldham, has been awarded a £1.9m contract by the city of Salford for desilting and constructing new causeways across the existing docks at Salford Quays site, the new name for the old Salford Docks now being developed for housing and recreational uses. This will involve the importation by road of 300,000 tons of granular building material for constructing the causeways. Other contracts recently signed for landscaping, piling and building divisions include a £250,000 reservoir reclamation contract from North West Water.

Florida air terminal

TAYLOR WOODROW CONSTRUCTION CORP, New York, has been awarded its second contract in the past month for work at Tampa International Airport, Florida. The latest $17.2m (£11.6m) project is to build an international terminal for the Hillsborough County Aviation Authority and brings the total value of work at the airport awarded to the company to $20.7m. Last month the company won a $3.5m contract to construct a new 1,300 ft long automated passenger transit system linking the new terminal to the existing Landside Terminal. The new terminal is 850 ft long with two levels and will have 15 gates for aircraft used mainly for international flights. Work has started for completion in September 1987.

★

Matlock-based SHAND is going underground for a £1.73m Yorkshire sewerage contract. The project, one of a package of civil engineering contracts worth over £2.5m, involves construction of almost a mile of tunnel up to 17 metres below ground level at Rothwell, near Leeds. Work starts in September.

Victoria Station rail-air project

Rush & Tompkins' London office has won a £3.3m management contract with British Rail's Network SouthEast for fitting out a rail-air lounge and ticket office above the Gatwick Express platforms at Victoria Station, London. The 16,000 sq metres terminal includes flight check-in desks and extensive baggage handling facilities to enable Gatwick air passengers to check-in their luggage at the station before travelling to the airport. The terminal occupies part of the "Plaza" office building which was recently constructed on a deck slab above the station. Rush & Tompkins' contract includes forming openings in the deck slab for escalators, baggage conveyors, lifts and staircases passing down to platform level. An upper mezzanine floor slab is included in the terminal. Work has started and is due for completion in September next year. The drawing shows a cut-away view of the air terminal from the corner of Buckingham Palace Road and Eccleston Bridge

TRUSTEE SAVINGS BANK RULING

Extent of depositors' claim on assets defined

TOO MUCH politico-legal pother has been made about the single phrase in the speech of Lord Templeman in the course of the House of Lords decision that the depositors in a trustee savings bank had no proprietary interest in the bank's assets, other than the right to receive back their deposits with interest.*

If Lord Templeman was unwise to have ascribed the ownership of the surplus assets of a trustee savings bank to "the State," he was at most being purposely careless. In the context of litigation between depositors and the trustee savings banks organisation, he was rebutting an emotional argument, put forward by the depositors, that if they were not the owners of the surplus assets, then no-one was, and that must be socially and politically intolerable.

Lord Templeman's riposte to the argument—that the assets would be in some kind of limbo—was to assert that the ownership in fact resided in an institution of the State (namely, the Trustee Savings Banks Central Board), established by parliament and legally distinct from the Crown or Her Majesty's Government.

The Law Lords decided that the depositors, like any other customers of a bank, were entitled to a return of their own money with any accumulated interest on it, and no more. The long legislative history of the trustees savings bank system, stretching back to 1817, had provided that the surplus of the banks should not belong to the depositors. But the legislation had successively omitted to say to whom it should belong.

Lord Keith of Kinkel, who delivered the first and only other speech to that of Lord Templeman's, explained what Parliament had intended in the most recent legislation of 1976 and 1981, before the privatisation of the trustee savings banks in the 1985 act.

The 1976 act had set up an administrative body for the trustee savings banks, called the Central Board. That act provided that the board's assets did not belong to the Crown and that it was not to be regarded as an emanation of the Crown. As and when a trustee savings bank was closed, its surplus assets were to be paid to the board†.

On closure of the last bank it would cease to have any property in the surplus assets, and no legal basis existed for any claim by a depositor against the central board. That analysis was entirely destructive of any argument that the depositors had any claim to any surplus.

Parliament had not contemplated, in 1976 or 1981, that the central board would itself be liquidated. It left the question of any future disposal of the board's property as and when parliament got round to legislate again, as it did when it privatised the whole trustee savings bank movement in the 1985 act.

The board was entirely a creature of parliament and became thereby an institution of the State, with a legal personality distinct and separate from the Crown or the organs of government.

Lord Templeman's riposte to the argument of an absence of ownership was emphatic and could not be wrenched out of its contextual reasoning. He said: "The arguments are false . . . Statutory savings banks and their assets belong to the State, subject to the contractual rights of depositors to the return of their deposits and interest, *and subject to the powers and duties from time to time conferred and imposed by parliament on the National Debt Commissioners and the Central Board, both institutions of the State.*"

There is understandably, in the mind of the layman, a ready assimilation of the Crown or Her Majesty's Government to the organs of the State. The State is a familiar republican concept in most countries, reflecting the personality of the body politic within a nation, a commonwealth of nations or a federation of States. It is the supreme governing body.

In a constitutional monarchy without a written constitution, the Crown or Her Majesty's Government is not appropriately equated with the State. The Queen, unlike Louis XIV, cannot claim: "*L'Etat, c'est moi*"—although of course, she is Head of State.

Parliament may, and did so in relation to the trustee savings bank movement, create a body, the Central Board, that was distinct from the Crown.

Whether to describe the board as an "institution of the State" or as a statutory body performing public functions, conferred and imposed on it by parliament, matters little. What matters is that those functions were not the Crown's or the Government's.

To avoid the kind of misunderstanding, deliberate or not, it might have been more politic of Lord Templeman to have used language that did not instantly excite the interest of politicians intent on seizing a judicial weapon with which, impermissibly in law, to beat the Government.

To the constitutional lawyer, Lord Templeman's language created no confusion of thought. It was both accurate and appropriate.

The Law Lords were properly disinterested in the wisdom of parliament's decision, in the 1985 act, to transfer the surplus assets of the statutory trustee savings banks, amounting to £800m, to the successor companies set up under the privatisation scheme.

Just as the depositors at the date of the 1985 act had no proprietary interest in those surplus assets, and could not complain of the transfer of them to the successor companies, so the politicians could not claim that parliament was giving away the Government's money. Neither the Crown nor Her Majesty's Government had any proprietary interest in the surplus.

Only the public, through its State institutions, had any claim, and parliament decreed that the succession was to be to the privatised companies.

In view of all this, the Solicitor-General's opinion, as reported in the Press on Saturday, can be seen as refreshingly welcome.

** Ross v Lord Advocate and others: Trustee Savings Banks Central Board and others v Vincent and others,* July 3 1986.
† Section 31 of the 1981 Act laid down the procedure for closing a trustee savings bank and Section 32 provided that, when a trustee savings bank was finally closed, the trustees were to pay over to the central board any surplus monies remaining in their hands. The central board was given a discretion to distribute any monies among other trustee savings banks.

Justinian

Workfare pitfalls stressed

BY CHARLES LEADBEATER

THE GOVERNMENT should be cautious about introducing so-called Workfare programmes, which make social security payments conditional on recipients undertaking some form of work, says a report.

Workfare programmes, which are common in the US, do nothing to make social security recipients look harder for work, the report says.

The study, published in Initiatives, bi-monthly journal of the Centre for Employment Initiatives, a research consultancy, reviews Workfare programmes in several US states.

It says Workfare programmes would entail an enormous reorganisation of the social security system because employers would have to take responsibility for administering benefit payments.

Furthermore, many of the jobs the programmes offer are so poorly paid they could not be filled through the open market, the report says.

Lord Young, Secretary of State for Employment, is soon to receive a study of Workfare programmes commissioned earlier this year.

Fire brigade union backs inquiry call

DERBYSHIRE firefighters have backed the county council demand for a full inquiry into a £1m fire at Coalite's plant in Bolsover last month. Mr Harry Muckleston, secretary of the Derbyshire Fire Brigade Union, suggested the company should be prosecuted because it had endangered the firefighters.

Mr Albert Barnes, chairman of Derbyshire public protection committee, said that among the chemicals involved was a small quantity of 245 T which had the potential to produce dioxin, one of the most toxic substances.

Mr Muckleston said firemen appeared to have been placed at a quite unnecessary risk. "The fact that dioxin was present is very serious and firms should be prosecuted for not registering with the county council that they have this dangerous chemical."

WORLD STOCK MARKETS

AUSTRIA

1986 High	Low	August 14	Price Sch
2,550	2,190	Credit'nst'l1 pp	2,230
3,850	3,075	Goesser	3,340
16,000	12,850	Interunfall	13,350
21,750	16,900	Jungbunzlauer	19,450
2,475	1,950	Laenderbank	2,250
785	560	Perlmooser	515
211	150	Steyr Daimler	167
16,600	6,850	Veitscher Mag	10,500

HONG KONG

1986 High	Low	August 15	Price H.K.$
18.8	17.7	Bank East Asia	12.4
5.85	5.15	Cathay Pacific	5.25
24.5	17.9	Cheung Kong	24.4
17.2	14.8	China Light	16.6
0.76	0.62	Evergo	0.68
40.4	33.6	Hang Seng Bank	35.25
2.62	1.65	Henderson Land	2.69
17.4	11.8	HK China Gas	16.6
8.7	8.3	HK Electric	8.65
8.8	6.2	HK Kowloon Wh.	8.2
6.85	6.6	HK Land	6.4
7.30	6.25	HK Shanghai Bk.	7
13.4	9.5	HK Telephone	11.9
34.25	24	Hutchison Wpa.	34.95
15.7	11	Jardine Math.	16.7
7.15	6.05	New World Dev.	6.7
14.4	10.6	SHK Props	14.4
1.13	0.62	Shell Elect	0.66
14.5	9.9	Swire Pac A	13.6
7.7	5	TV – B	7.7
8.26	6.15	Winsor Inds	8
2.77	2.07	World Int. Hldgs.	2.75

Reliance wins battle for Blair

By Paul Taylor in New York

RELIANCE Capital Group, a US insurance and investment company owned by Mr Saul P. Steinberg, won a four-month-long battle to acquire John Blair, the media group, after a federal appeals court ruled in its favour.

The court decision ended a hostile takeover bid for Blair first launched by MacFadden Holdings, another media group, in mid-April. Mr Michael Boyland, MacFadden's president conceded defeat in the takeover battle in the immediate wake of the court ruling which cleared the way for Reliance to proceed with its $31-a-share cash offer for 7m of Blair's 11.5m shares.

Reliance plans to complete the merger, valued at about $340m, by swapping Blair's remaining shares for a package of stock and debt securities. Blair owns five television and eight radio stations and is the largest independent US broadcast advertising broker. The group posted a loss of $29.1m on revenues of $631m last year, mainly reflecting the poor performance of its advertising distribution subsidiary, Advo System.

Despite the court room defeat, MacFadden will earn a net profit of about $2m by selling its Blair shares to Reliance.

High-tech job changes in US

BY LOUISE KEHOE IN SAN FRANCISCO.

MAJOR management changes at two US high tech firms have been orchestrated by New York venture capitalist Mr Fred Adler, an early investor and board member of both Daisy Systems, the Silicon Valley computer-aided design company, and Micropro International, the software publisher.

The chief executives of both companies have resigned, the companies announced separately.

At Daisy, a Silicon Valley computer-aided design company, that was once considered a model of entrepreneurial success, Mr Aryeh Finegold resigned as president, chief executive and a director of the company that he co-founded. Despite its early success, Daisy's fortunes have recently turned sour. The company, which reported sales of $122.5m and a profit of $21.2m in 1985 has lost a total of $14.6m in the last two quarters. Sales have also slumped.

Mr Finegold, 38, a former Israeli paratrooper known for his mercurial personality, was replaced as chief executive by Mr Max Palevsky, 62, southern California millionaire and Daisy board member. Mr Palevsky was also named chairman, replacing Mr Adler, who stepped down from that post but will remain an active board member.

Mr Harvey C. Jones Jr, 33, a Daisy founder, was named president and chief operating officer.

According to industry analysts, Daisy has lost several key employees over the past few months. Product development has slowed and the company is behind on important new products promised to customers. The upheaval within Daisy is said to reflect growing dissatisfaction with Mr Finegold's "dictatorial" management style. Daisy also recently suffered a major setback when the company launched a product that failed to live up to promised performance.

At Micropro, the software publisher of the popular "Wordstar" wordprocessing program, Mr Adler engineered a management shuffle that replaced chief executive Mr H. Glen Haney and two other executives. Mr Gari Grimm of Adler was named general manager, but the company said it expected to name a new chief executive very soon.

A one-time leader in the personal computer software market, Micropro's Wordstar has lost market share to newer programs. Last year Micropro earned only $207,000 on revenues of $42.6m compared with profits of $5.8m on revenues of $66.9m in 1984. So far this year the company has lost $900,000 on sales of $27.7m.

Closing prices, August 15

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26 1/2	13 1/2	AAR s	.44	2.0	17	399	22 1/8	21 3/4	22 1/8	+ 1/8
30	21 3/4	ADT	.92	3.8		194	24 5/8	24	24 1/8	- 1/2
33	11 1/2	AFG s	.08	.3	17	588	32 1/4	31 3/4	31 3/4	- 1/4
25 3/8	13 3/4	AGS			14	64	20 1/4	19 3/8	20 1/8	+ 7/8
15	9 7/8	AMCA			263	1	10 1/2	10 1/2	10 1/2	- 1/8
60 5/8	31 1/2	AMR			14	3025	55	54 5/8	54 5/8	+ 1/8
27 1/2	23 1/4	ANR pf	2.87	10.		z2	25 1/2	25 1/2	25 1/2	
12 1/2	8 1/2	APL			6	3	11 5/8	11 5/8	11 5/8	+ 1/2
16 3/4	10	ARX	.71t	6.6	10	55	10 7/8	10 3/4	10 3/4	
45 3/4	28 3/4	ASA	2a	6.2		853	32 7/8	32 3/8	32 1/2	- 1 1/2
16 3/8	9 3/4	AVX		2.8		163	11 1/4	10 3/4	11	- 1/2
32	22 7/8	AZP	2.72	9.0	9	657	30 1/4	30	30 1/4	
56	26 3/8	AbtLb s	.84	1.6	24	3186	52	51 1/8	51 1/8	- 1/2
32	19 5/8	AccoWd	.56	2.1	17	117	26 3/8	26 1/4	26 5/8	
15 3/8	9	AcmeC	.40	4.2		172	9 1/2	9 1/2	9 5/8	- 1/4
9 1/4	7	AcmeE	.32b	4.3	18	1	7 1/2	7 1/2	7 1/2	+ 1/8
21 5/8	17	AdaEx	1.90e	9.0		84	21 1/4	20 7/8	21 1/8	
33 3/8	18	AdmMl	.40	1.3	14	24	31 1/2	31 1/4	31 1/4	- 1/4
20 5/8	11 1/2	AdvSys	.83t	5.4	14	109	15 7/8	15 1/8	15 3/8	+ 3/8
32 7/8	14 1/8	AMD				1519	16 5/8	16 1/4	16 5/8	+ 1/4
12 7/8	5 5/8	Adobe n				96	7 1/8	6 7/8	7	
18 5/8	13 3/4	Adob pf	1.84	12.		28	15 3/4	15 1/4	15 1/4	- 1/4
20 1/4	15 1/4	Adob pf	2.40	13.		10	18 1/4	18 1/8	18 1/4	+ 1/4
18 3/8	7 3/8	Advest	.12a	.8	11	139	15	14 3/4	14 3/4	- 1/4
66 1/4	42 1/4	AetnLf	2.64	4.2	10	2190	62 7/8	62	62 1/4	- 7/8
57 1/2	51 1/2	AetL pf	4.28e	9.1		15	53	52 7/8	53	
28 3/4	9 3/4	Ahmns s	.46	1.7	6	3219	27 1/4	26 1/4	26 5/8	- 5/8
6 3/4	2 1/2	Aileen			63	27	4 5/8	4 1/2	4 5/8	+ 1/8
41 5/8	25 3/4	AirPrd s	.80	2.4	61	790	33 3/4	33 1/8	33 3/8	+ 1/8
27 3/4	16	AirbFrt	.60	3.0	17	128	19 1/8	18 1/2	19 3/4	+ 1
2 1/8	3/8	AlMoan	.60c			21	13-32	13-32	13-32	- 1-32
101 1/4	75 5/8	AlaP dpf	8.1	8.1		100	u103 3/4	101 1/8	103 3/4	+ 3/8
103 1/2	75 1/4	AlaP pf	9	8.8		z220	102	101 1/8	102	+ 3/8
91 1/2	68 3/4	AlaP pf	8.28	9.0		z20	91 1/2	91 1/2	91 1/2	+ 1 1/2
26 1/8	14 1/4	AlskAir	.16	.9	19	3691	18 1/8	16 1/2	18	+ 1 1/4
23	9 3/8	Alberto s	.21	1.2	18	142	18 5/8	17 3/4	18	- 1/2
23 1/4	15 3/4	AlbCulA	.21	1.2	78	12	18 5/8	18 1/4	18 1/4	- 5/8
49 1/2	26 7/8	Albtsns	.64	1.6	17	397	45 1/2	45 1/8	45 1/2	
34 5/8	22 3/4	Alcan	.60	2.6		1182	30 5/8	30 3/8	30 1/2	- 1/8
46 3/4	32	AlcoStd	1.24	3.1	16	134	40 3/8	40 1/8	40 1/4	- 1/8
40 7/8	26	AlexAlx	1	2.6		210	39	38 1/2	38 7/8	- 1/8
47 1/2	22 7/8	Alexdr			26	53	38 3/4	37	37 1/2	- 1
102	75 1/2	AllgCp	1.54t	1.5	14	35	100	99 7/8	100	+ 1/2
29	25 5/8	AlgCp pf	2.86	10.		8	28 1/4	28 1/4	28 1/4	- 1/4
28 3/4	11 3/8	AlgInt	.35t	2.1		361	17 1/8	16 7/8	17	
19 3/4	9 1/2	AlgIn pf	2.18	16.		21	13 3/8	13 1/8	13 3/8	
97 1/8	38	Algi pfC	11.25	19.		24	61	58	58	- 2
51 3/4	28 1/8	AllgPw	2.80	5.5	13	1306	51 5/8	51 1/4	51 1/4	- 1/8
27 1/4	16 1/2	AllenG s	.56	2.6	18	1527	19 3/4	19	19 3/4	
28 7/8	23 1/2	Allen pf	1.75	7.0		19	25	25	25	
45 3/8	16 1/2	AlldPd			32	168	u45 1/2	45	45 1/2	+ 1/8
49 1/2	36 3/4	AldSgnl	1.80b	4.4		1397	40 7/8	40 5/8	40 7/8	
114 3/8	101 1/2	AldS pfD	12	12.		7	102 1/4	102	102 1/4	- 1/4
53 1/2	25 1/8	AldStr s	1.16	2.3	14	4137	51	49 1/2	50 1/2	- 1/2
10 7/8	4 7/8	AlldSup				316	7 5/8	7 1/2	7 5/8	+ 1/8
6 3/4	2 7/4	AllisCh				506	3 1/2	3 1/4	3 1/2	+ 1/8
40 1/2	26 1/2	ALLTL	1.88	5.0	11	34	39 3/4	39 1/2	39 1/2	- 1/4
46 3/8	31 1/2	Alcoa	1.20	3.2		1591	38	37	37 1/4	+ 1/4
16 3/8	10 1/2	Amax				1097	12 1/2	11 3/4	12 1/4	- 1/8
32 1/4	16 1/2	AmHes	.27t			10929	20 1/2	19 5/8	20 1/8	+ 1/2
136	82 1/4	AHes pf	3.50	4.0		5	89	88	88	+ 1/8
1 7/8	3/8	AmAgr				122	15-16	7/8	7/8	- 1-16
31 1/4	19 1/2	ABakr			13	140	30 1/2	30	30 1/8	- 1/8
105	53 1/4	ABrand	4.05	4.4	12	850	92 7/8	91 1/2	92 5/8	- 1/4
34 3/8	29	ABrd pf	2.75	8.1		10	33 3/4	33 3/8	33 3/4	+ 3/4
29 1/8	26 7/8	ABldM	.90	3.3	19	43	28	27 1/2	27 1/2	- 1/2
36 7/8	25 3/8	ABusPr	.76	2.6	15	21	29 3/8	28 1/8	29 3/8	+ 1/4
89 3/4	50 3/4	AmCan	2.90	3.3	13	1509	88 1/8	87 3/8	87 3/4	- 1/4
77	44 7/8	ACan pf	3	3.9		12	76 1/4	76	76	- 1/2
119 1/2	110 1/2	ACan pf	13.75	12.		1	117	117	117	

Continued on Page 25

NYSE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
		X Y Z								
72¼	45¾	Xerox	3	5.4	17	2476	56⅞	55⅝	55¾	−⅛
58¼	53½	Xerox pf5.45		9.5		90	57¼	57⅛	57⅛	−⅛
28¾	20⅝	XTRA	.64	2.7		239	23⅛	23	23⅛	+⅛
17⅝	13½	Yorkln n				164	15⅞	15⅝	15⅞	+⅛
30	26¼	ZaleCp 1.40		3.8		43	37⅛	28½	36½	−¾
8½	3½	Zapata .03j				526	4	3⅞	3¾	−⅛
43⅞	23⅝	Zayre s	.32	1.1	20	8912	29⅝	29	29⅝	+¼
17	11	Zemex	.40	3.6	11	5	11⅛	11⅛	11⅛	
29⅞	16¼	ZenithE				1344	24⅞	24⅛	24⅞	+½
18¼	8⅝	ZenLb s			26	1141	11½	10⅝	11	−¼
22⅝	14⅝	Zero s	.29	1.8	15	191	15½	15¼	15½	+⅛
45¾	32¼	Zurnin 1.32		3.5	14	65	37½	37⅛	37⅜	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(e). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices August 15

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 23

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Gold shines in dull trading

BY COLIN MILLHAM

PRECIOUS METALS provided the focal point for financial markets last week. Fears about restricted supplies of platinum, if South Africa retaliates to threats of economic sanctions, drove up the price of precious metals in general. Speculative demand pushed gold up to a peak of $397 on Monday. It retreated from this level but still finished the week $20⅝ higher at $382⅞, although the International Gold Corporation, marketing arm of the South African Chamber of Mines, warned that the surge should not be an automatic cue for private investors to be tempted to jump into gold in order to make quick profits.

The IGC was at pains to play down the importance of any short-term rise in prices, in much the same way that officials in Pretoria dismissed suggestions of retaliation, through the prevention of precious metal exports, after President P. W. Botha's uncompromising speech to the federal congress of the ruling National Party in Durban.

Foreign exchange trading was so dull that movement in the bullion market had an impact on the dollar. In normal circumstances it is the other way round, with changes in the value of the dollar influencing the metals.

The market was in the grip of holiday lethargy and, in the absence of other factors, rumours and speculation about interest rate strategy played a major role in moving the dollar.

Mr Paul Volcker, chairman of the US Federal Reserve Board, attended the funeral of a past-president of the Bundesbank in West Germany. He had informal talks with Mr Karl Otto Poehl, the present president of the Bundesbank, and according to reports in the US press reached agreement to consider a co-ordinated round of interest rate cuts.

This helped to keep the dollar fairly steady, although after some weak economic figures the market still fears the US may go it alone in a further discount rate cut, if West Germany and Japan decide no to cooperate.

The Bundesbank is known to be concerned about above target money supply, and Mr Satoshi Sumita, governor of the Bank of Japan, said last week monetary policy has been eased far enough and any further relaxation will not have much impact in correcting Japan's external balance.

A contributing factor to the weakness of the dollar last Monday was news of a record Japanese trade surplus of $8.22bn in July, compared with a revised $7.36bn in June, and $4.60bn a year earlier.

US economic figures published last week were not particularly encouraging. Retail sales rose 0.1 per cent in July, although excluding depressed car sales the rise was 0.6 per cent. Total June retail sales were revised to a fall of 0.1 per cent from a rise of 0.2 per cent. Industrial production declined for the third month in a row, falling 0.1 per cent in July.

These figures were in line with the general level of forecasts, and had little impact on the dollar, but confirmed sluggish growth in the economy.

Revised second quarter US gross national product growth will be published tomorrow. Last month the growth figure for the second quarter was estimated to be only 1.1 per cent. A sharp change may provide fresh inspiration, but otherwise the market seems set to continue through the present period of summer lethargy.

£ IN NEW YORK

Aug 15	Close	Prev. close
Spot	$1.4955-1.4965	$1.4955-1.4965
1 month	0.45-0.43 pm	0.46-0.40 pm
3 months	1.28-1.24 pm	1.30-1.28 pm
12 months	4.55-4.45 pm	4.68-4.62 pm

Forward premiums and discounts apply to the US dollar

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

CURRENCY RATES

[illegible]

POUND SPOT—FORWARD AGAINST POUND

[illegible]

FORWARD RATES AGAINST STERLING

[illegible]

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	43.1139	43.6929	+1.34	+1.13	±1.5368
Danish Krone ...	7.91701	7.93494	+1.51	+1.30	±1.6403
German D-mark	2.11083	2.10909	−0.08	−0.29	±1.1127
French Franc ...	6.87316	6.85746	−0.23	−0.44	±1.3659
Dutch Guilder...	2.37833	2.37659	−0.07	−0.28	±1.5059
Irish Punt	0.764976	0.760291	−0.61	−0.82	±1.6683
Italian Lira	1476.55	1451.65	−1.71	−1.71	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: two years 6⅞-6⅝ per cent; three years 7⅛-7⅜ per cent; four years 7¼-7⅜ per cent; five years 7⅜-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
110	4.38	5.38	—	—	0.00	1.06	—	—
110	2.41	4.15	—	—	0.03	1.49	—	—
120	1.00	3.00	—	—	0.26	2.40	—	—
122	0.12	2.12	—	—	1.39	3.46	—	—
124	0.01	1.30	—	—	9.27	5.00	—	—
126	0.00	0.61	—	—	5.26	0.31	—	—
128	0.00	0.38	—	—	7.26	8.08	—	—
130	0.00	0.23	—	—	9.26	9.57	—	—

Estimated volume total, Calls 448 Puts 595
Previous day's open int. Calls 13,302 Puts 5,153

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Aug	Sept	Oct	Dec	Puts—Last Aug	Sept	Oct	Dec
1.30	—	19.44	—	19.44	—	0.00	—	0.18
1.35	14.44	14.44	14.44	14.44	0.00	0.00	0.00	0.56
1.40	0.44	9.44	9.44	0.44	0.00	0.07	0.36	1.47
1.45	4.44	4.01	5.03	5.91	0.00	0.51	1.38	3.11
1.50	0.00	1.58	2.26	3.43	0.56	2.58	3.61	5.63
1.55	0.00	0.32	0.79	1.90	5.56	8.32	7.14	0.00
1.60	0.00	0.04	0.21	0.85	10.56	11.04	11.56	13.05

Estimated volume total, Calls 25 Puts 158
Previous day's open int. Calls 4,110 Puts 5,309

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Aug	Sept	Dec	Mar	Puts—Last Aug	Sept	Dec	Mar
1.30	—	10.30	10.30	—	—	—	0.15	—
1.35	—	14.30	14.30	14.40	—	—	0.55	1.45
1.40	—	9.30	9.70	10.10	—	0.05	1.40	2.70
1.45	4.50	4.60	6.93	0.80	—	0.40	2.00	4.50
1.50	—	1.00	3.30	4.20	0.15	2.20	5.20	7.10
1.55	—	0.25	1.80	2.70	5.00	5.80	9.20	10.00
1.60	—	0.05	0.80	1.60	9.90	10.30	12.20	13.80

Previous day's open int. Calls 39,556, Puts 38,054
Previous day's volume. Calls 1,519, puts 456

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	120-19	120-29	120-14	120-09
Dec	120-15	120-22	120-11	120-05
March	120-08	120-19	120-19	119-30
June	120-08	—	—	119-30

Est. Volume 8,242 (0,077)
Previous day's open int. 14,674 (14,230)
Basis quote (clean cash price of 13% Treasury 2004/05 less equivalent price of near futures contract) −4 to 4 (32nds)

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

[illegible]

THREE-MONTH STERLING £500,000 points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index

[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	93.85	93.86	93.82	[illegible]
Dec	93.85	93.87	93.83	[illegible]
March	93.76	93.77	93.74	[illegible]
June	93.56	93.56	93.54	[illegible]
Sept	93.29	93.30	93.26	[illegible]

Est. Volume 3,271 (4,138)
Previous day's open int. 10,[illegible] (19,939)

US TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

US TREASURY BILLS (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

IMM—STERLING $e per £

LIFFE—STERLING £25,000 $ per £

[illegible]

EXCHANGE CROSS RATES

[illegible]

MONEY MARKETS

Rates ease on pact rumours

INTEREST RATES were slightly easier on the London money market last week. This partly reflected a better performance by sterling, which gained over 2 cents against the dollar, and also improved in terms of the D-Mark, yen and other major currencies. The pound's exchange rate index rose 0.8 to 71.7, helped by a rise of more than $1 in North Sea oil prices, after Kuwait said it plans to step sales of oil on the spot market during September and October.

But the main factor behind the easing of rates was speculation about a co-ordinated round of interest rate cuts, following a meeting between Mr Paul Volcker and Mr Karl Otto Poehl in West Germany.

UK clearing bank base lending rate 10 per cent since May 22

In spite of the pound's improvement the currency remains vulnerable to oil news and does not appear strong enough to withstand a cut in bank base rates, except as part of an internationally agreed package. Next month will see the anniversary of the New York agreement by the Group of Five to push down the value of the dollar, and is regarded as a possible time for a lowering of rates.

UK economic news produced few surprises, although inflation in July was better than expected. Retail prices fell for the seventh consecutive month, declining by 0.3 per cent, and taking year-on-year inflation down to 2.4 per cent from 2.5 per cent.

Manufacturing output remained flat, according to the industrial production figures, and monthly M3 money supply rose 0.1 per cent.

NEW YORK RATES
(4 pm)

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug. 15	change		Aug. 15	change
LONDON			**NEW YORK**		
Base rates	10	Unch'd	Prime rates	9	Unch'd
7 day interbank	10	+$\frac{1}{16}$	Federal funds	6⅜	+⅛
3mth Interbank	9¾	−⅛	3 Mth. Treasury Bills	5.70	−0.14
Treasury Bill Tender	9.3456	+0.2009	6 Mth. Treasury Bills	0.77	−0.26
Band 1 Bills	9⅞	Unch'd	3 Mth. C D	0.00	−0.22
Band 2 Bills	9¾	Unch'd			
Band 3 Bills	9¾	Unch'd	**FRANKFURT**		
Band 4 Bills	9½	Unch'd	Lombard	0.0	Unch'd
6 Mth. Treasury Bills	9⅝	−$\frac{1}{32}$	One mth. Interbank	4.60	−0.15
1 Mth. Bank Bills	9$\frac{13}{16}$	−$\frac{1}{32}$	Three month	4.075	−0.026
3 Mth. Bank Bills	9⅝	−⅛			
			PARIS		
TOKYO			Intervention Rate	7	Unch'd
One month Bills	4.55625	Unch'd	One mth. Interbank	7⅛	−$\frac{1}{16}$
Three month Bills	4.71870	Unch'd	Three month	7$\frac{3}{16}$	Unch'd
BRUSSELS			**MILAN**		
One month	7¼	Unch'd	One month	11$\frac{1}{16}$	Unch'd
Three month	7¼	−$\frac{1}{16}$	Three month	11$\frac{1}{16}$	−⅛
AMSTERDAM			**DUBLIN**		
One month	6$\frac{1}{16}$	−⅛	One month	9$\frac{15}{16}$	−$\frac{1}{16}$
Three month	6⅛	−⅛	Three month	10$\frac{1}{16}$	+$\frac{1}{16}$

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

August 15	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v't'n
Frankfurt	4.45-4.55	4.50-4.00	4.50-4.95	4.50-4.65	4.50-4.05	5.5
Paris	7¼	7$\frac{1}{16}$-7$\frac{3}{16}$	7$\frac{1}{16}$-7$\frac{3}{16}$	7⅛-7¼	7⅛-7¼	7
Zurich	7⅛ 1¼	4$\frac{1}{16}$-4$\frac{3}{16}$	—	4⅛-4¼	—	—
Amsterdam	5$\frac{1}{4}$-6	6½-5⅝	—	6$\frac{1}{16}$-6$\frac{3}{16}$	—	—
Tokyo	4.05025	4.79125	—	4.71875	—	—
Milan	11¼-12¼	11¼-11⅝	—	11⅛-11⅞	—	—
Brussels	0.50	7$\frac{1}{16}$-7$\frac{3}{16}$	—	7$\frac{1}{16}$-7$\frac{3}{16}$	—	—
Dublin	9⅝-9¾	9⅞-10	10-10⅛	10⅛-10¼	10-10¼	—

BANK OF ENGLAND TREASURY BILL TENDER

	Aug. 15	Aug. 8		Aug. 15	Aug. 8
Bills on offer	£100m	£100m	Top Accepted rate of discount	0.3456%	0.5662%
Total of applications	£430m	£450m	Average rate of discount	9.0456%	9.5445%
Total allocated	£100m	£100m	Average yield	9.67%	9.78%
Minimum accepted bid	£97.67	£97.610	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	80%	40%			

FT LONDON INTERBANK FIXING

(11.00 a.m. August 15)

Three months US dollars		Six months US dollars	
bid 9 $\frac{1}{16}$	Offer 9 $\frac{3}{16}$	bid 9 $\frac{1}{16}$	Offer 9 $\frac{3}{16}$

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

August 15	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-10¼	9⅞-10⅛	9⅞-10	9¾-9⅞	9⅝-9¾	9⅝-9¾
Sterling CDs	—	—	9$\frac{13}{16}$-9$\frac{11}{16}$	9$\frac{11}{16}$-9$\frac{9}{16}$	9½-9⅝	9½-9⅝
Local Authority Depos	9½-10	9⅝-10	9⅞	9$\frac{11}{16}$-9¾	9⅝-9$\frac{11}{16}$	9⅝-9$\frac{11}{16}$
Local Authority Bonds	—	—	10	10⅛	10⅛	10⅛
Discount Mkt. Depos	6½-9½	9¾-9⅞	9⅞	9½	—	—
Company Depos	10	9⅞	9¼	9¾	9¾	9¾
Finance House Depos	—	—	9⅞	9$\frac{13}{16}$	9$\frac{13}{16}$	9¾
Treasury Bills (Buy)	—	—	9$\frac{13}{16}$	9⅝	—	—
Bank Bills (Buy)	—	—	9$\frac{13}{16}$	9½	9$\frac{3}{16}$	—
Fine Trade Bills (Buy)	—	—	10$\frac{1}{16}$	10⅛	9$\frac{13}{16}$	—
Dollar CDs	—	—	5.17-6.22	5.05-6.11	6.05-6.11	6.13-6.18
SDR Linked Depos	—	—	6$\frac{1}{16}$-6$\frac{3}{16}$	5$\frac{15}{16}$-6$\frac{1}{16}$	6⅞-6⅛	5$\frac{15}{16}$-6$\frac{1}{16}$
ECU Depos	—	—	7⅛-7¼	7$\frac{1}{16}$-7$\frac{3}{16}$	7$\frac{1}{16}$-7$\frac{3}{16}$	7$\frac{1}{16}$-7$\frac{3}{16}$

Treasury Bills (sell): one month 9$\frac{23}{32}$ per cent; three months 9½ per cent. Bank Bills (sell): one month 9$\frac{23}{32}$ per cent; three months 9$\frac{11}{32}$ per cent. Treasury Bills: Average tender rate at discount 9.5445 per cent. ECGD Fixed Finance Scheme IV reference date July 2 to August 5 (inclusive): 10.009 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from August 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 9): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9¼ per cent from August 5. Deposits held under Series 5 9¼ per cent. Deposits withdrawn for cash 5½ per cent.